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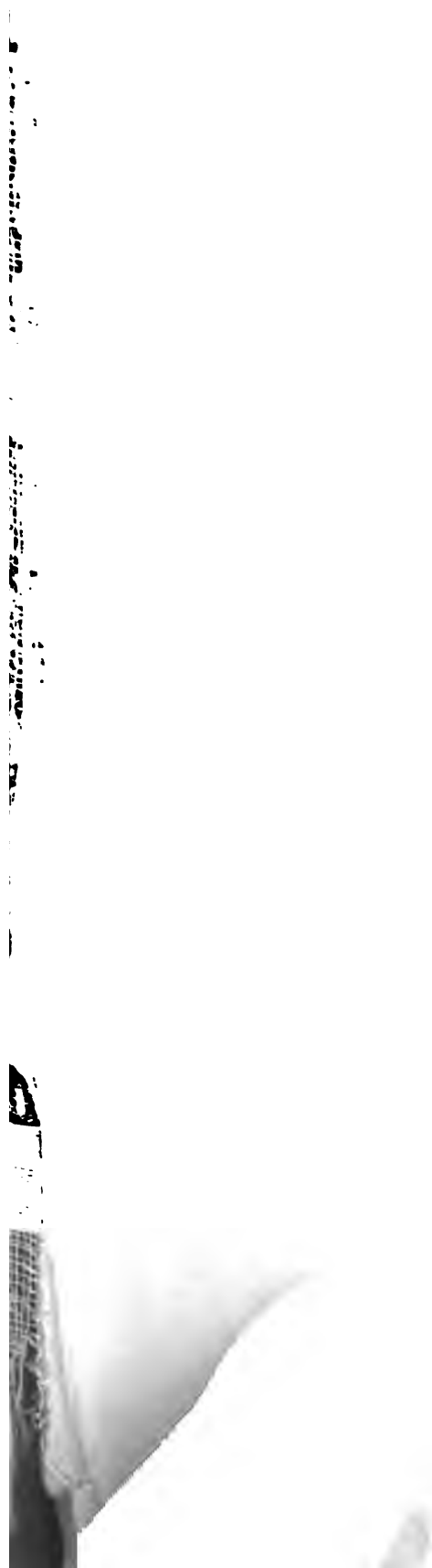
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ALEXANDER TILLOCH GALT

(1862)

THE LIFE AND TIMES
OF
SIR ALEXANDER TILLOCH GALT

BY
OSCAR DOUGLAS SKELTON

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PREFACE

Few among the makers of Canada have played so varied a part in her upbuilding as Alexander Tilloch Galt. There have been statesmen who impressed themselves more spectacularly upon popular memory. There have been business men who have since carried through greater projects of industrial development. There have, however, been few men in our annals who combined in such a degree eminence both in political and in commercial life.✓

No man did more, if any did as much, to achieve Confederation. ✓ While he declined the highest office in his country's gift, Galt was for many years foremost in party council and in parliamentary struggle. Few finance ministers have combined his large grasp of public affairs, his power of bringing order out of chaos, and his lucidity of expression. He was our first and is still our foremost diplomatist. In the shaping of opinion upon the future political relations of his country he took a changing but always reasoned and always influential part. Yet he never could bring himself to make politics his sole or ✓ dominant interest. In the opening of the Eastern Townships to settlement, in the early railroad development of Canada, and in the first great projects of joint stock company enterprise, he displayed unusual financial capacity and power of handling men, while in his latest years his energy and optimism found an outlet in enterprises for developing the land and mining resources of the far west.

Throughout the formative period of our national history, Galt played a part of lasting significance to the Canada and the Canadians of after days. The forces

that shaped the life and destiny of the Canada of the days before Confederation, and the new Canada of the first years after, are nowhere more fully displayed than in his manifold interests and achievements. In presenting this story of his life, it is hoped to give some picture of the times in which he worked, and particularly of the political experiments worked out under the Union of the two Canadas.

It is a pleasant duty to acknowledge the kindness of Mr. Elliott Galt in placing his father's private papers unreservedly at the writer's disposal.

O. D. SKELTON

Kingston, Canada, 1919

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ERRATA

**Page 64, paragraph 2, line 17: For "Samuel and Edward Hale"
read 'Samuel Brooks and Edward Hale.'**

**Page 80, line 21: Read, "line, was already built. The convention
was designed."**

Page 197, line 1: For "overwhelmingly," read "overwhelming."

CHAPTER I.

John Galt and the Canada Company

The Ayrshire Home—Seeking Fortune in London—Galt and Napoleon's Blockade of Europe—The Annals and the Kailyard Novels—Agent for the Canada Company—Backwoods Settlements and Sensitive Governors—The Break with the Company—Last Days in London.

EVERY Scotchman's biography," according to Lockhart, "should begin with an ell of genealogy." It is especially true in the case of Alexander Tilloch Galt, that he cannot be rightly understood out of his family connections. It was John Galt's connection with the Canada Company which led to Alexander Galt's coming to Canada in the service of the British American Land Company. But the parallel and connection is not confined to these external whims of Fortune. Equally in temperament and in the direction of ability Galt the younger reflected Galt the elder, with just sufficient variation to turn the dreamer into the doer.

John Galt came of Scotch Lowland stock. He was born in 1779 at Irvine, a small town in Ayrshire. His father, captain of a West Indiaman, was a strikingly handsome, well-built man, of sailorly directness and kindly humor. It was not, however, from Captain Galt, with his easy-going disposition and moderate ability, that the son derived the restless ambition and the keenness which shaped his destinies. John Galt was his mother's son in intellect and /

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temper, if his father's son in physique. All accounts picture her as a woman of unusual individuality and strength of character, shrewdly observant and keenly humorous, gifted with a power of quaint and original phrase.

John was the second of the three children, two sons and one daughter, who came to the Irvine household. In early childhood he was of feeble and delicate health, partly because of too rapid growth, so that there was no thought of following in his father's steps. A quiet and meditative boy, he developed early a passion for reading which did not meet with favor from the bustling mother, and an eagerness for following up all the tales and legends of the neighborhood crones, with which she had more sympathy. Neither in the school at Irvine nor in that at Greenock, where the family moved when John was ten, did he display any special brilliance in his studies. He did develop early a remarkable power of observation and a tenacious pictorial memory which gave him in after years the abundant material for his vivid descriptions of the lairds and burghers of Ayr.

While still in his teens, John Galt was apprenticed to business life. After spending a few months in the local Custom House, which was regarded as specially useful as a training school for the penmanship so important in the clerk's equipment in his day, he entered the commission house of James Miller and Company. The routine of the office left time and thought free for other interests, and Galt spent his free hours making walking journeys to neighboring historic scenes, composing rhetorical poetry in rivalry with other literary aspirants of the little town, and forming projects for developing waterpower in the hills behind the town or for redeeming sand banks from the waters of the Firth. The traveller, the writer, the promoter of future years was shadowed forth in his boyish interests.

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The uneventful calm of Greenock life was broken by a petty but revealing episode, which proved the turning point in Galt's career. There had grown up in Glasgow, the disdainful Ayrshireman informs us, a number of purse-proud merchants more noted for money than for manners. One of these, in the course of business, wrote an abusive, ill-tempered letter to the Greenock firm. It fired Galt's indignation, and next morning he posted to Glasgow to demand an apology, found that his man had gone to Edinburgh, followed and sent for him, locked the door in the tavern room, put his watch on the table, gave the protesting Glasgow body ten minutes to write an apology, pocketed the apology, and, in saying good-night, announced that he would not know the abject merchant again, never having been introduced to him. In the post-chaise journey home, fired with his easy victory over a great Glasgow merchant, Galt decided definitely upon a project which for many months had been slowly forming,—to seek his fortunes in the wider world of London.

To London, then, in 1804, with the hope and confidence of twenty-five in his heart, and a bale of letters of introduction and a Gothic epic on the "Battle of Largs" in his portmanteau. The letters led to little but some civil dinners, the epic was published in part and then wisely suppressed. Thrown on his own resources, the young Scotchman formed a partnership with a fellow-countryman named McLachlan. The new firm prospered, after some initial difficulties, until some three years later the bankruptcy of two correspondents to whom large advances had been made overwhelmed it. A brief partnership with his brother Thomas was broken by the latter's appointment to a post in Honduras, and weary of mercantile routine, John Galt entered Lincoln's Inn. Before he was called to the bar, ill-health compelled him in 1809

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to sail on a long voyage to the Mediterranean. A new and more eventful stage in his career began.

Byron was then also on his first Mediterranean voyage, seeking all that the East had to offer of passion or of cynicism, and his future biographer had many memorable meetings with him as their paths crossed at Gibraltar and Malta and Athens. But it was neither his eccentric countryman nor his more eccentric countrywoman, Lady Hester Stanhope, then settled among the Druses on Mount Lebanon, nor the countless shrines of Greek and Roman fame, that most held Galt's interest. As a citizen of the "nation of shopkeepers", his imagination was still more deeply stirred by the prospect of circumventing Napoleon's attempt to bar British trade out of Europe.

The death struggle between Napoleon and England was then at its height. Nelson had swept the seas, Napoleon had cowed the continent. The struggle seemed ending in stalemate at the ocean line, but Napoleon, determined "to conquer the sea by the land", carried a step further the trade exclusion policy of the preceding century. In 1806 he launched his Berlin and Milan decrees, seeking to strike England in her most vital part by barring the markets of the Continent to her ships and traders. England retaliated in kind, and imports to the Continent had to run the gauntlet of a line of British cruisers at sea or of French bayonets on shore. For a time, Napoleon's edicts failed. Through the activities of fraudulently licensed neutral vessels, and with the connivance of the lukewarm allies or even the hard-pressed lieutenants of the Emperor, a vast smuggling traffic was carried on. The historian has recorded that the French army that marched to Eylau was clad in greatcoats made at Leeds and shod with shoes made at Northampton. But slowly, as Napoleon's hands were freed in central and eastern Europe,

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he tightened the cordon round the western coasts, here seizing a squadron of fraudulent neutrals, there burning millions of pounds' worth of confiscated British goods which Watt and Arkwright had made cheap, while continental Europe fasted for the want of them. Tens of thousands of tons of coffee lay in London warehouses, unsaleable at sixpence a pound, while on the continent ten and twelvefold prices were offered. It seemed as if even British endurance and continental resentment would yield to Napoleon's audacity, and the last hope of European liberty fail.

Galt's fertile mind soon turned from Turkish pashas and Athenian ruins to this hastening crisis. Where patriotism and profit called so loudly he was not slow to heed. It was while in Tripolizza, the capital of Morea, that it occurred to him that the anarchy and misrule pervading all the Turkish lands afforded a splendid cover for introducing British goods through the Balkans and central Europe. The idea gripped him, and the next few weeks were spent in exploring the Ionian islands and the coast of Asia Minor, until at Myconi, in a large mansion built by Count Orloff in the days when Catherine of Russia was aiming to annex the islands, he found and secured an ideal central depot, secret yet easily accessible. This point settled, Galt sailed for Malta, where on inquiry he found that the firm of Kirkham Finlay, the foremost house in Glasgow, had become interested in a similar plan suggested by a Vienna partner. After negotiations with Glasgow an arrangement was concluded, and under Galt's direction a pioneer train of forty-five camels started from Salonica, laden with two hundred bales of British goods. In spite of Balkan winters, Turkish intrigue, and threatened Russian attack, the caravan reached Widdin on the Danube in safety, but the failure of the Vienna partner to do his share disturbed the plans. The wares eventually reached Hungary, but meanwhile Galt had returned

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had not weakened a memory stored with minutely detailed pictures of men and manners, and they had brought a knowledge of the world, a detachment and disillusionment, that enabled him to set the life of the little towns and countryside of Ayr in proper perspective and to make the reader see, below the surface peculiarities, the comedies and tragedies common to human life the great world over. In kindly, pompous, self-revealing Micah Balwhidder,³ and his three wives, at last gathered to his and Abraham's bosom, in the grafting, face-keeping Provost, in Andrew Wylie, first of the bang-went-saxpence Scots in literature, in shrewd, talkative Mrs. Pringle—a portrait of his own mother—and in scores of other characters of his creation, Galt gave not merely characters, but men and women whom we seem to have seen and known ourselves. To a rare gift of straightforward narrative, Galt added a power of vivid realism that Turgeniev has not surpassed, a delicate playful irony, a kindly sentiment too restrained and robust ever to sink into the sentimentalism of his Kailyard followers, a grey sense of the transitoriness of life that gives to his best work a strange touch of inevitableness. In the writings of John Galt, one of the most prolific of authors, there was much dross, but the gold was pure gold.

Galt now seemed definitely committed to the uneventful life of a man of letters. Yet the man of affairs, who in him always struggled for mastery, had still a stirring

³ "I am not surprised at Bonaparte's agent taking the *Annales* for a credible story, for even here some people have viewed them in the same light. Among the others my worthy old mother read the book with great delight and thought Micah an honest and upright minister of the gospel. But unfortunately one of my little boys told her it was a novel, and thus it lost all its charms and she was very angry with us for having deceived her."—William Blackwood to John Galt, June 25, 1821, in Mrs. Oliphant's *William Blackwood and His Circle*.



JOHN GALT



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part to play. It was in the year of the publication of *The Annals of the Parish*, 1821, that the colony with which his fortunes were to be so closely linked first became to him more than a name. In that year, in company with Edward Ellice, prominent in Lower Canada enterprises and later organizer of the Reform Bill campaign for the Whigs, and Secretary for War in Earl Grey's cabinet, he was appointed Agent in London for certain inhabitants of Upper Canada who had large military claims to press upon the British government. Ellice, as a member of the British parliament, concluded that it would be unseemly for him to act, and thus the whole responsibility was thrown upon Galt. The chance connection thus formed shaped Galt's fortunes until his death, and determined largely the stage and the opening role of his son's career.

These military claims were based upon losses suffered or services rendered during the invasion of the province in the war of 1812. Supplies had been furnished British troops, houses and crops had been burned by invading forces, businesses had been destroyed. As a rule, supplies had been paid for in good fertilizing gold, but there were many cases of alleged oversight, and the claims for contingent damages were many. It was, naturally, to the British government that the claimants turned. The war had burst upon them through no fault of the Canadas but because of the policy adopted by the United Kingdom towards the United States in the course of its struggle with Napoleon. Upper Canada had few resources of taxation: Lower Canada controlled the customs duties upon St. Lawrence imports, and in the rude and primitive economy of the twenties heavy direct taxes were out of the question.

Galt threw himself with characteristic vigor into the advocacy of the claims.⁴ Rarely had the Colonial Office

⁴See documents at length in the Dominion Archives, Q Series, especially 337, 1 and 2; 339, 1; 340, 1; 343, 1; 345, 1.

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been besieged by so persistent, ingenious and peremptory an agent, or by one who found it so difficult to repress his anger at the procrastination and the bungling of some of the clerks who posed as Mr. Mother Country. A Board of Commissioners had sat at York in 1820 and examined the claims in a cursory fashion. The British Treasury had paid some £9000 in settlement of such as were approved and were of the nature of direct charges; the province of Upper Canada had paid about the same amount out of the proceeds of the estates forfeited for treason. Over £200,000 remained. In 1822 Galt proposed, after much parleying, that £100,000 should be paid by a loan raised by the United Kingdom and charged jointly, as to both principal and interest, to the United Kingdom and to Upper Canada; on these terms he could readily find lenders in London and Glasgow. Lord Bathurst agreed, but the instructions drafted in the Colonial Office provided for virtually two loans, one of £50,000 guaranteed by the United Kingdom, and one of £50,000 raised by the province upon its own security, at five per cent. With money high and no definite revenues available for paying the interest, it was impossible to raise an unguaranteed loan at this rate, and the negotiations failed. Meanwhile the Treasury agreed to pay at once £57,412, 10/, or twenty-five per cent of the claims, and declared that as soon as the province had provided an equal amount it would be prepared to make such further grants as were necessary, *pari passu* with provincial grants. Later, this was generously modified to an agreement to pay £50,000 as soon as the province would provide the interest upon a loan of equal amount, either by new taxes or by reducing the annual grant made by the United Kingdom toward expenses of the province. The legislature of Upper Canada declined to impose these additional duties, in view of the state of trade and of the unfairness of throwing part of Upper Canada's burden

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upon Lower Canada, which collected and shared the joint customs duties.

In this dilemma Galt cast about for possible sources of new revenue for the province. A brief study of its resources, confirmed by an interview with Bishop Macdonnell of Upper Canada, soon convinced him that in the Crown Reserves the province possessed an asset which might be made to yield a revenue sufficient to meet not only the interest upon the desired loan but all its civil expenses. Apparently he was not aware that a similar suggestion had been made by petitioners in Upper Canada six years before,⁵ but the plan was one which might readily occur to anyone familiar with the state of the province, and the results of the land policy hitherto adopted. Galt's service lay not merely in conceiving the plan, but in carrying it out in spite of many obstacles.

Few of the peoples who have suddenly found themselves possessed of the boundless acres of newly discovered countries have achieved unqualified success in their land policy. Upper Canada was no exception. It had escaped the folly by which the whole of Prince Edward Island had been granted in a single day to three score absentee proprietors, but it had not succeeded in making

⁵Resolutions of the Township Representatives of the Midland Districts, June 15, 1818: Address to the Prince Regent: "During the war Upper Canada was exposed to the torrent of hostilities: twice did the raw battalions of militia wave the laurel of victory. . . . We are aware that taxes are heavy upon our fellow-subjects at home, and do not want aid from that source. Canada contains within itself ample means of exhonouring (sic) government from the claims of sufferers by war and it is within the fiat of Your Royal Highness to remove by a single breath the evil now so justly complained of. Millions of acres of fertile land lie here, upon the credit of which, put under proper management, not only the fair claims of loyal sufferers could be satisfied, but vast sums might be raised for the improvement of the province and the eventual increase of revenue to Britain."—Archives, Q Series, 840-1, p. 169.

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settlement keep pace with possession, or in preventing speculation of the most obstructive type. By 1824, when the population was only 150,000, nearly eleven million acres had been granted or appropriated out of some sixteen million surveyed. The guiding principle in the disposition of the land, was to give it free, or, subject occasionally to slight fee or settlement restrictions, to privileged persons who had deserved well of the state. To United Empire Loyalists and their children nearly three million acres had been given, to the militia and ex-soldiers a million more, while magistrates and barristers were granted, or granted themselves, 1,200 acres each, and executive councillors and many legislative councillors received 5,000 acres, with 1,200 for each of their children. Further millions of acres were set aside to bulwark the Crown against democratic aggression, and to endow a state church for the better ordering of spiritual ministrations and the building up of a politically conservative force. At the suggestion of a Loyalist, Chief Justice Sewell, who had witnessed one rebellion break out because of the unwillingness of the people to grant the Crown the taxes it demanded, it had been agreed to set aside one-seventh of the granted lands as Crown Reserves, which might in time provide the Crown with a stable and independent revenue. Equal provision was made for the support of a Protestant clergy, and thus, with certain unwarranted interpretations made of the terms of these decisions, practically one-third of the land of the province was reserved from direct settlement.

Aside from the discontent excited by the favoritism and occasional grafting of the Executive Council in the disposition of individual grants, wide resentment soon came to be felt against the policy of holding back the Crown and Clergy Reserves for the increase in value which would be given them by the toil and enterprise of farmers on adjoining lands. The machinery and the

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means for building roads or maintaining schools were scanty at best, and with these Reserves thrust in between the scattered settlers' clearings, the task in many districts seemed hopeless. Many of the grants made to privileged individuals had been sold for anything from a gallon of whiskey to three or four pounds, and from these sources speculators had accumulated tens of thousands of acres which were also left untenanted and unimproved. Not one-tenth of the lands granted were occupied by the persons to whom they were assigned. The bulk of the surveyed lands of the province had been appropriated, but ninety-five per cent was still in wilderness.

Galt's imagination was captured by the prospect unfolded by his inquiries of not only meeting the claims of his clients, but of serving the province by removing the barriers to close and speedy settlement. He proposed to the Colonial Office that the Crown Reserves should be sold, and upon the request of Lord Bathurst drew up a plan for the sale and interested a number of London capitalists in the project. After many months of negotiation, and repeated changes in the proposals, a company was organized in August, 1824, which agreed to purchase, at a price per acre to be determined by Commissioners, land to the value of £20,000 each year for fifteen years, selected from the Crown and half the Clergy Reserves. Throughout the negotiations Galt was seeking to secure funds for the war claims. When the conclusion of a bargain became certain, he sought from the Colonial Office definite provision for this purpose, but to his surprise was coolly informed "that the money to be paid by the Canada Company was not considered by His Majesty's Government to be applicable to the relief of the sufferers

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of the late war with the United States." All other protests proved unavailing.*

If Galt's services in negotiating this transaction were thus definitely and authoritatively dissociated from his work as agent for the claimants, he could at least demand from the Colonial Office the commission which any independent broker would receive for effecting a sale of such magnitude. Yet in spite of moderately phrased petitions the authorities in Downing street refused to the end to admit either liability. The appointments which Galt received from the Canada Company were pointed to as adequate return for his services, but, as he indignantly protested, these emoluments were not accepted until after the Colonial Office had refused to aid his clients, did not come by grace of Downing Street, and were in compensation for present services to the company, not past services to the Government. The Colonial Office was doubtless wearied by Galt's persistency and his amusingly outspoken criticisms, but, if explaining, this did not excuse its high-handed justice. He had done the state much service, and received not even thanks.

"It was not my original intention," Galt records in his *Autobiography*, "to have anything further to do with the Canada Company, than to provide the means for the payment of my principals, and to resume my position in Scotland; but when the Government destined the money to other objects than that which induced me to take so much trouble, I was persuaded to unite myself with the Company." In August, 1824, he was appointed Secretary of the new Company, and also one of the five Commissioners to value the lands to be purchased. Mr. McGillivray was the other Commissioner chosen by the Company, Sir John

*Three years later the Legislature of Upper Canada provided for a second quarter, \$57,412, 10/, mortgaging for this purpose duties on salt and whiskey imported from the United States, while the British Government voted a third instalment.

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Harvey and Mr. Davidson were appointed by the Government, and Col. Cockburn was agreed upon as chairman. The Commissioners were conveyed to New York on the Romney man-of-war, and then made their way to Little York.

Little York, or Muddy York, was then a town of some two or three thousand people, low-lying and ague-stricken, closely hemmed in by dark pine forests, "its unfinished streets, if possible, muddier and dirtier than those of Kingston," and less important as a commercial centre than Niagara. Yet its position as seat of the Government made it the centre of such political activity and social gayety as existed, and the Commissioners found themselves by no means in exile. The hearings were speedily begun, government officials, surveyors and land holders gave evidence, and the Board reached the unanimous conclusion that 3/6 per acre would be a fair price for the 1,884,413 acres of Crown Reserves and the 829,430 acres of Clergy Reserves to be purchased. Their task completed, the English members of the Board sailed for home.

In the meantime Galt had unconsciously become involved in the incredibly bitter and factious political quarrels of the province in a way which was to prove fatal to his peace of mind upon his return to Canada. The Lieutenant-Governor, Sir Peregrine Maitland, a proud and upright gentleman, but abnormally sensitive and lacking in sympathy; the official set, knit together by family and social ties, by memory of sacrifices shared and by common detestation of democracy in general and the United States in particular; and the rapidly growing Opposition, ranging from the moderate Whiggism of Dr. Baldwin to the fiery radicalism of the young Scot, William Lyon

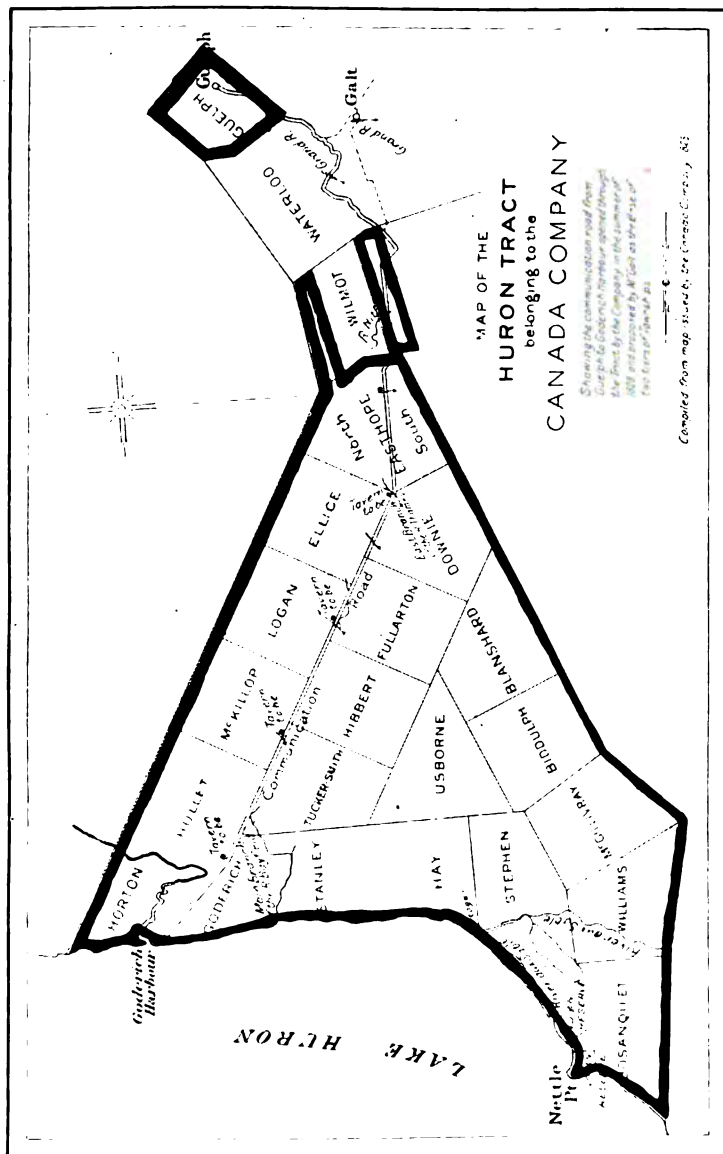
'Talbot, Five Years' Residence in the Canadas, Vol. I, p. 102.

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Mackenzie, who had just founded his muck-raking *Colonial Advocate*—these were most incompatible elements, and the outsider needed to walk warily to avoid giving offence to one or other. When a Lieutenant-Governor would overturn fourteen feet of the Brock monument in order to remove a copy of the *Colonial Advocate*, included in the corner-stone⁶; when a half-pay captain of the British Army who had the bad taste to side with the Reformers could be called to account by the Commander of the Forces and later deprived of his pension for having called for "Yankee Doodle" from a visiting United States troupe in the somewhat unrestrained festivities of a New Year's eve, the slightest incident might be twisted into the evidence of partisanship and magnified to ludicrous or tragic importance.

Galt was seriously ill during most of the Commissioners' stay, and mingled little in the social or political gatherings of York. Such acquaintances as he formed were (naturally drawn chiefly from the official circles. His own political sympathies were throughout life firmly Tory. The formation of the Canada Company, by affording the provincial government large revenues free from the control of the Assembly, really aided the official as against the popular party. He had, however, been shocked in the course of his work as agent for the war claimants, by the evidences of bitterness upon both sides, and his alert, inquiring mind could not abstain from probing into the affairs of a colony where inquiry in itself spelled impious and disloyal suspicion of the powers that were. His chief known offence was replying to a request for his opinion upon a point of parliamentary procedure. More

⁶It was in this number that Mackenzie had committed the heinous treason of declaring that "the Lieutenant-Governor's life was passed in traversing the lake from York to Queenstown (his summer home), and from Queenstown to York, like the Vicar of Wakefield from the brown bed to the blue and the blue bed to the brown."



THE HURON TRACT OF THE CANADA COMPANY

In addition to this tract, containing 1,100,000 acres, the Company acquired scattered Crown Reserves in nearly every township in Upper Canada, amounting to 1,384,000 acres.

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serious, if there can be any gradation of seriousness in such ludicrous pettinesses, was his courtesy in acknowledging a gift from Mackenzie, in a letter which was later to be the main count in Maitland's indictment against him.

The editor of one of the Montreal newspapers and Mackenzie had both sent copies of their journals to the distinguished author with an expression of their respect. Mackenzie had presented a complete file of the *Advocate*, and accordingly Galt felt called upon to acknowledge the courtesy at some length, taking advantage of the opportunity, however, to advise him to be less extreme in his attacks upon his opponents:

John Galt to William Lyon Mackenzie.

York, March 28, 1825.

I am very flattered by your attention and it gives me unaffected pleasure to receive the numbers which you have taken the trouble to preserve and send me of your spirited paper. I do undoubtedly dissent from some of your sentiments, but I can appreciate the talent with which they are supported. . . . I have been too short in this country to form any opinions of its political temperament, and I have besides been the greatest part of the time confined to my room by indisposition. . . . Probably in Colonies and places remote from the Supreme Government, persons in public trust are apt to consider themselves as parts of that great abstraction, Government, and to mistake attacks upon their own conduct as factious and seditious movements. On the other hand, the motions and machinery of government being in a much smaller compass, are seen more in detail than at home, and the workings of personal feeling are apt in consequence to excite the more invidiousness. To this I would partly ascribe the tone of your letter to Mr. Robinson, which displays very superior powers indeed of sarcasm, but it must occur to yourself that the value of it would not have been lessened had some of the points been sheathed in softer language. But I ought to ask for pardon for this criticism when I should be thanking you for a flattering favor. You can have no better task than the upholding the frank courageous spirit of independence among a remote people. It is that which has made the great Island of our birth what she is, and when we compare her small natural

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bounds and resources with the vastness of her moral and political dominion, we may rest assured that with all the faults of her public men, her government has been one of the greatest practical wisdom that has yet withstood the test of time and the prostrations of revolution and of war.

A sane, loyal, courteous yet plainspoken letter, the modern reader would conclude. Not so Little Yorkers in 1827.

Meanwhile the scene of action had shifted to the other side of the Atlantic. The leaders of the Anglican Church in Canada were strongly opposed to the sale of the Clergy Reserves lands at the price determined, and brought strong pressure to bear upon the Colonial Office, Dr Strachan and Attorney-General Robinson leading their forces. After months of lay and legal argument, the dispute, at the suggestion of the Under-Secretary, was referred to Strachan and Galt for settlement. They agreed to leave the Clergy Reserves untouched, and to substitute for them a solid block of land in the westernmost part of the province, purchased from the Six Nations Indians and known as the Huron tract, containing, after certain adjustments, 1,100,000 acres. In consideration of the fact that this territory was unsurveyed and largely unexplored, and that it was at a distance from existing settlements, it was agreed that it should be granted for the same sum, £145,150, 5/, at which the Clergy Reserves had been computed, and that one-third of this amount might be spent by the Company in approved public works within the district. The ungranted Crown Reserves, in lots from 200 to 1000 acres throughout the provinces, and in blocks from 10,000 to 40,000 acres in the western districts, were taken over at the rate previously agreed upon. The total purchase price was £295,000, to be paid in sixteen annual instalments varying from £15,000 to £20,000. Some of the provisional shareholders, dissatisfied with the change, dropped out, but the majority wisely per-

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sisted. The company was organized with £1,000,000 capital, and the charter was granted in August, 1826.

A month later John Galt sailed again for Canada, where he was to spend, in the next two or three years, the proudest and the bitterest hours of his life. He was commissioned by the Canada Company to inquire into the administrative methods of the large land companies in the United States and to draw up a plan of management for its own vast estate. Whether the actual execution of the plan was to be entrusted to Galt himself or to one of the London directors, was left vague.

The prospect of playing a lasting part in the upbuilding of a colony of such unbounded possibilities was one which would have fired the imagination of a more stolid man than Galt. Yet his exultation was tinged with apprehension from the outset. Already there had been evidences of that frequent sin of absentee directors, unwillingness to trust the man on the spot, to give the discretion essential for vigorous action. More serious was the commercial crisis, which was just then overwhelming England in the reaction from an outburst of joint stock company speculation in South America and other El Dorados, a crisis which brought scores of banks and business houses into insolvency, led to a prolonged industrial depression, and made many investors unable or unwilling to live up to their engagements. Still more personally disturbing to a man of Galt's sensitiveness were the hints of possible friction conveyed in a note from Horton, the Colonial Under Secretary, and more particularly in a friendly, politic, managing letter from Dr. Strachan, received on the eve of sailing:

John Strachan to John Galt.

Edinburgh, 25 Sept., 1826.

My dear Sir:

I enclose three letters, one for Mrs Strachan, one for the Attorney-General, and one for Major Hillier (Private Secretary to the

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Lieutenant-Governor). The two last will place you on the possible footing with those gentlemen, and I wish you to press it so. That I may be as you and I have been for some time, must bear with me a little in pointing out the way. The conduct of Col. Cockburn in leaving York, and the manner in which he set the results of your communication to His Excellency Sir Peregrine Maitland could not be very pleasing. Other circumstances happened then and have since happened in the course of the negotiations not in themselves quite agreeable,* from all of which I am anxious that you should take on going out the proper line.

This I feel assured that you are disposed to take, but accustomed as you have been to the great political society in England you are not sensible of the difference in a colony. In the British Parliament opposition is general, but not personal. In a colony such as ours opposition is commonly personal and bitter, though in the end, if met with firmness, altogether nugatory.

Now I wish you to lay it down as a principle never to be departed from that it is the interest of the Canada Company to support the Colonial authorities and never to take a side against them. Let me also advise you not to meddle in Colonial politics, for on one side or other you must by so doing offend, and so great and complicated are your interests that the determined enmity of any party would be productive of great loss.

On the whole, do not hesitate a moment in making the Attorney-General and Major Hillier your advisers in all your plans, and confide in none else.

Converse with the Major oftener than write, and when to write is necessary, prepare the draft with him before it is sent in officially.

Sir Peregrine is extremely nice in his writing, I might almost say fastidious, and therefore everything ought to be well weighed.

I can assure you the more confidence you put in these two gentlemen, the better it will be for you, and the more satisfaction you will have in your mission. They are men in whose integrity you may rely to the utmost, and of the first talents.

I am sure you will take this letter in good part and see in it an anxiety to serve you; the machine you have to conduct is compli-

*Evidently a reference to an attempt on the part of Galt, during the preceding months, to effect a settlement between the Government party and Dr. Rolph, then in London, upon the vexed naturalization question. Galt was more considerate towards Rolph than Strachan thought necessary or than he himself became later.

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cated and though your abilities are of a superior order I foresee that you will frequently require the assistance of me and my friends. But in order to receive that assistance, indeed in order to enable us to give it, you must confide in us and in us only.¹⁰

A characteristic letter of the ablest clerical diplomat of his country, marked both by genuine friendship and by prudent forethought for party advantage, and filled with much good Polonian advice. To the Archdeacon, as to many other worthy people before and since, "taking a question out of politics" meant settling it entirely upon the lines advocated by "me and my friends."

Galt had barely landed at New York when the British consul informed him that the fat was already in the fire. During the trial in October, 1826, of the rioters who had raided the office of the *Colonial Advocate*, Mackenzie had declared that Galt had written him commending his principles. Galt halted to make a thorough examination of the methods of the Pulteney and Holland land companies in Upper New York state, and then hastened to York. Here he found that Maitland was deeply incensed. The governor alleged that Galt had been interested, when previously in Canada, in matters beyond his commission, which was doubtless true, and commendable; that he had taken up some of these matters with the Colonial Office, which was irritating but not exactly treasonable; that he had, while in Canada, been resorted to unduly by people with grievances to redress, which was untrue, save so far as his relations with his clients, the war claimants, were concerned; and particularly that he had had dealings with "the editor of a paper distinguished above all others by a scurrilous abuse of the government, and which was saved only from prosecution by the despicable character of its contents, and by the contempt of all persons of good feeling for its obscure and unprincipled con-

¹⁰Canadian Archives, Q Series, 346-1, p. 31 seq.

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ductor," and had written "in warm commendation of the talent displayed in attacks upon my government and intimating . . . as to the manner in which attacks upon public offices might be made with greater caution and equal effect." This curious perversion of a harmless letter revealed the deep prejudice which Maitland had conceived against Galt, largely as an incident in his burning resentment against the editor whom he affected to despise. It might have been well to ignore these petty pin-prickings, but unfortunately for his own peace of mind Galt was nearly as sensitive as the Lieutenant-Governor himself, and fully as insistent upon his honor. As Maitland had requested that the correspondence should cease, Galt sent a full but unofficial answer to the charges to his friend Horton, Under Secretary for the Colonies, punctiliously providing Maitland with a copy.

From these controversies he turned with relief to his work. In the life of York he took little part: he has left it on record that "Dover is one of the vilest blue-devil haunts upon the face of the earth, except Little York in Upper Canada, when one has been there one day."¹² The evidence that his every movement had been closely watched in his previous visit turned him against social intercourse, and the other sojourners in the ramshackle, noisy "leading hotel" in which he made his quarters found him equally indisposed to gossip.¹³ Quebec, which he visited in the winter in order to register the Company's charter, proved much more congenial: the cordial friendship of the Governor-General, Lord Dalhousie, and the merry-makings of Quebec society, not least in the performance

¹²*Autobiography*, Vol. I, p. 334.

¹³Writing in 1838, he adds an amusing, self-contradictory note: "I have just received a biographical sketch of me published at York, drawn up in a friendly spirit, but it speaks of me as playing "Captain Grand" and looking down on the inhabitants of Upper Canada. The fact is, I never thought about them, unless to notice some ludicrous peculiarities of individuals."—*Ibid.* II, p. 51, n.

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of a farce full of local colour, which he wrote himself, provided a welcome relief in a dark winter.

Galt's mission had originally been limited to one of inquiry, but already requests to purchase lands were coming in with which it was necessary to deal at once. Accordingly he was appointed Superintendent of the Company, with an adequate salary, £1611, 2, 2, currency, including allowances, but with very inadequate staff. He rapidly made himself familiar with typical sections of the Company's domains, entering the Huron Tract from the rear by journeying north from York to Penetanguishene and thence by gunboat to the future town of Goderich. Under the Warden of the Forests, Dr. Dunlop, known to one continent as "The Tiger" and to another as "The Backwoodsman," and a staff of surveyors, rapid stock was taken of the quality and location of the Company's lands. A comprehensive system, based, with modifications, upon a combination of the Pulteney and Holland methods, was drawn up and put into force, prescribing the forms and conditions of application for land, the terms as to payment, the routine of office record and report. The squatter problem was firmly but considerably met. Agents for the scattered Crown Reserves lands were appointed in central towns.

These were details, essential and, by the testimony of visiting American land agents, admirably carried out, but still details. Galt had broader questions of policy to face. He was not given time to work out his full conception, but he achieved much and gave promise of more. His whole theory of colonization rested on the assumption that the settler who bought his land would likely be of a more thrifty and progressive type than the settler who received it free, a rule which was not without many exceptions,

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but which was broadly justified by the success of the settlers who later filled the lands of the Company.

From the outset Galt determined, however, that the Canada Company should not sink into a mere land-jobbing concern, careless of the welfare of the settlers it brought and the country where its dividends were earned. He planned to aid the settlers in building schools and churches, setting aside sites and providing a school fund from the sale of town lots. Realizing the difficulty which the isolated settler would find alike in marketing his produce and making cash payments upon the land he had bought, he proposed to receive payments in produce, and to sell produce on consignment. For this purpose he obtained from the government a site on Burlington Bay, upon which to erect warehouses, but was not authorized by the Directors to proceed with the plan. Further, for the first time in the history of the province, he determined to make road-building precede and facilitate settlement, instead of throwing upon isolated settlers the crushing burden of building roads to link themselves to the outer world. Roads were made in various directions, particularly a hundred mile road cut clear through the Huron Tract to Goderich on Lake Huron.¹⁴ As far as possible the poorer settlers—for men of means were not expected for a year or so—were employed upon these works, paid partly in cash and partly in land, upon which the Company incidentally earned a good profit. In furtherance of the same general policy he had houses built for some set-

¹⁴ "All the woodmen that could be assembled from the settlers were directed to be employed, an explorer of the line to go at their head, then two surveyors with compasses, after them a band of blazers or men who mark the trees in the line, then went the woodmen with their hatchets to fell the trees, and the rear was brought up by waggons with provisions and other necessities. In this order they proceeded, simultaneously cutting their way through the forest, till they reached their spot of destination on the lonely shores of Lake Huron, where they turned back to clear off the fallen timber from the opening behind."—*Autobiography*, II, 123.

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tlers, to be paid for in instalments along with the land—a plan which his deputy, Mr. Prior, nearly brought to grief by too expensive preparations, but which in the end proved a direct financial success.

One further policy requires notice. He determined to concentrate attention upon the large blocks and tracts of land, rather than the scattered Crown Reserves, both for economy of administration and for the greater advertising value of a spectacular proceeding.¹⁵ His main achievement in this direction was the building of the town of Guelph, on a well-chosen site on the River Speed, founded with great ceremony on St. George's Day, April 23rd, 1827. Streets were cleared, a receiving house for settlers erected, known as the Priory, and other houses built. Each buyer of a town lot was entitled to purchase upon fulfilling certain settlement duties, twenty-five acres of land adjoining the town, or fifty or a hundred further removed. The town thrived, and the value of land in the adjoining townships rose rapidly, amply justifying the

¹⁵ "The glory of Guelph was unparalleled, but like all earthly glories, it was destined to pass away. It consisted of a glade, opened through the forest, about seven miles in length, upwards of one hundred and thirty feet in width, forming an avenue, with trees on each side far exceeding in height the most stupendous in England. The High road to the town lay along the middle of this Babylonian approach, which was cut so wide to admit the sun and air, and was intended to be fenced of the usual breadth, the price of the land contiguous to be such as to defray the expenses of the clearing. . . . The imagination forbears when it would attempt to depict the magnificent effect of the golden sun shining through the colossal vista of smoke and flames—the woodmen dimly seen moving in "the palpable obscure," with their axes glancing along in the distance. A Yankee post-boy who once drove me to Guelph, on emerging from the dark and savage wood, looked behind in astonishment as we entered the opening, and clapping his hands with delight, exclaimed, 'What an Almighty place!'"

"By doing speedily and collectively works which in detail would not have been remarkable, these superb effects were obtained. They brought 'to home' the wandering emigrants, gave them employment, and by the wonder at their greatness magnified the importance of the improvements. This gigantic vision did not cost much more than the publication of a novel."—*Autobiography*, Vol. II, p. 90, n.

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Superintendent's policy. Permanent prosperity seemed assured and Galt sent for his family to join him at Guelph, making over the Priory for their use.

Prosperity for the Company was assured, but not so for its founder and chief executive. The Maitland controversy, which had been dying down, flared again. Maitland was petty enough to complain to the Colonial Office, and Bathurst's successor, Huskisson, who had not known Galt personally, carried the complaints to the Directors of the Company. They in turn, alarmed at the prospect of being out of favor, wrote their Superintendent that it was "essential to the prosperity of the Company that its representative should not be prominent as a political opponent or as the intimate associate or supposed instrument of the political opponents of the provincial government, and it is evident that you have been considered in this light." Galt, indignant at this acceptance of Maitland's misrepresentations at their face value, without inquiry, demanded of the Lieutenant-Governor when and where he had ever interfered in politics. Strachan was soon involved, and the accomplished letter-writers carried on a triangular duel, each letter more formal and more frigid than the last.¹⁸

With Galt matters had now come to an open breach. This worried him little: it was never a man's enmity he feared, but the loss of a friend's good opinion. In any event, Maitland was soon to be recalled for his injudicious conduct in the Forsyth case, and his successor, Sir John Colborne, proved a man of more rugged sense and friendly spirit. The abiding difficulty lay in the attitude of the directors. In normal times the flurry over the Maitland episode would soon have passed. But the times were not

¹⁸Canadian Archives, Q Series, 846-1.

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normal. English financial circles were still overwhelmed by depression, and many shareholders who had paid \$12. 10 (or 12½ per cent), were unwilling to meet further calls, and were transferring their holdings for nominal sums. Negotiations were set on foot with the Colonial Office for cancelling the Company's contract and giving back some or all of the lands. There was evidence also of an intention on the part of some insiders to manipulate the market so as to buy in later. In these circumstances shareholders and directors alike were desirous to cut down expenditures to the lowest possible limit, and prone to criticize every action which did not bring in immediate returns. Galt was restricted still further in his financial discretion, and a waspish accountant was sent out as much to check as to aid the Superintendent. Reports of Galt's alleged extravagance soon poured in to London. He had little difficulty in showing that the total expenditure had been well within the limits originally contemplated, that in the judgment of expert observers it had been well directed, and that so far as the outlay at Guelph was concerned, against which criticism was chiefly directed, it had already been more than justified by the advance in the value of adjoining lands. But it was in vain to reason. In the prevailing depression the success of the scheme seemed more than doubtful. The directors desired a scapegoat, and when Galt, in the spring of 1829, sailed for London to confer with them, leaving his family behind him, it was only to find that the order for his recall had already been sent and that his case had been prejudged. The government declined to make the changes in the contract desired. The shareholders decided to make the best of their bargain, and soon that best proved good indeed. Settlers began to pour in, the proprietors reaped where they and their manager had sowed, and by 1833 the stock of the Canada Company, with only 17 per cent paid for, was selling at 55 per cent

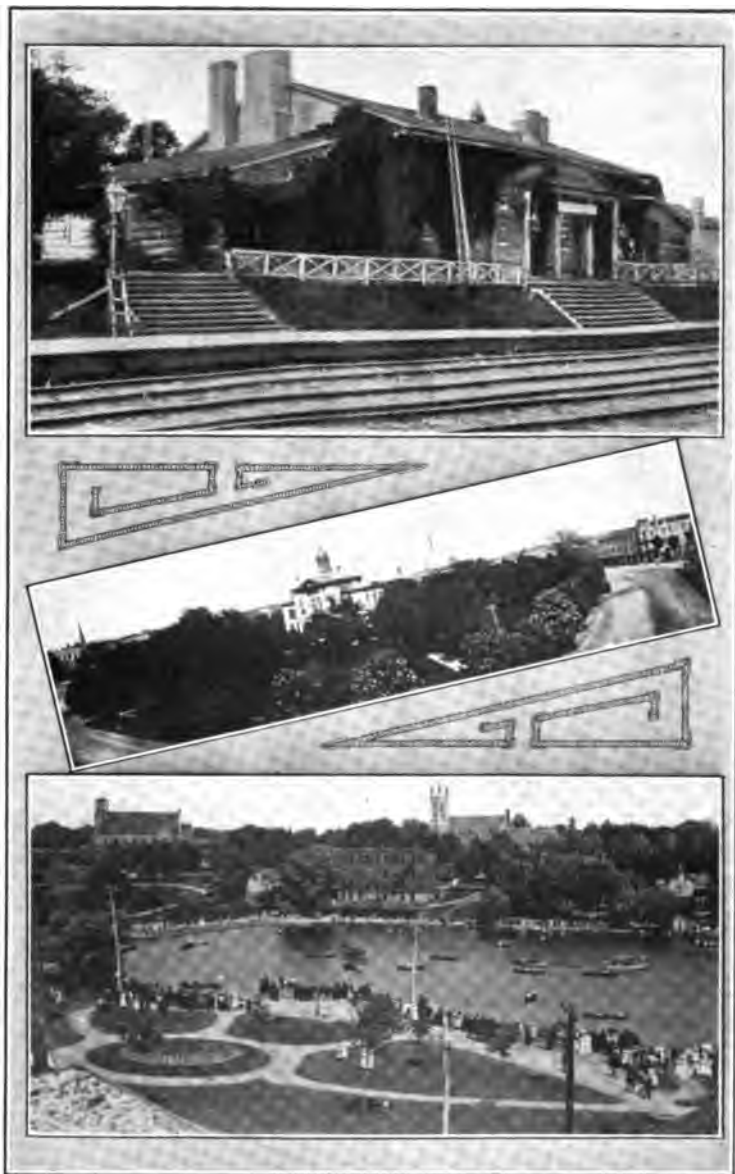
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premium, the most buoyant security in the London market, and all this without any material change in the system which their first Superintendent had established.¹⁷

Galt was vindicated, but his vindication came too late. His days in Canada were over. His interest in the country did not cease, however, and his influence upon development proved permanent and helpful. There had been mistakes and misfortunes. The faction and intrigue of parish politics, the irritable high-mightiness of the Lieutenant-Governor, the impatience of the directors for immediate dividends, their lack of interest in the country and lack of knowledge of its affairs, their unwillingness to give a free hand to the man who had both knowledge and interest, prevented the full measure of harmony and success that under happier auspices might have been attained. Nor was Galt himself without his share of responsibility. Every man meets his fate half way, and had it not been for his sensitive, brooding temperament he would have found a smoother path. But these traits were only the defects of his qualities, the overflowing of the very imagination which enabled him to see farther and plan more wisely than his more stolid fellows.

For he had seen far and planned wisely, and short as was his stay in Canada, his place in its history is secure. He had conceived and carried through the organization of a company which at a stroke had doubled the revenues of the province and provided funds for much-needed development. His scheme of emigration brought to Canada some of the best stock that has ever gone to its making.

¹⁷ "Every day confirms the soundness of my undertakings in the Upper Province, and the Company have pocketed above £300,000 through my instrumentality—putting out of question the good done to Canada, and the relief there granted to the poor of this country. When I went out as Commissioner, the circulating medium did not amount to £72,000; and last year upwards of 300,000 sovereigns were lodged in the Bank of Upper Canada."—Galt to D. M. Moir, April 23, 1833; *Memoir*, p. xcvi.



IN THE LAND OF THE CANADA COMPANY

THE PRIORY, GUELPH
 A GLIMPSE OF GODERICH
 A STRATFORD PARK

THE CANADA COMPANY

His policy of making road-building precede and facilitate settlement and his plans for collecting the produce of the settlers were eminently practical and helpful. If the Company in later days became a passive receiver of unearned increment and incurred the hostility of a large section of the province, the responsibility lay upon those who lacked the vision and the sympathy of the founder.

The remaining years of his life were few and full of sorrows. He had come back broken in health and broken in fortunes. Shortly before leaving Canada he had received a severe spinal shock as the result of a fall in the forest; no serious effects were felt immediately, but after his return to London he had a slight touch of paralysis and was rarely free from nervous trouble. Yet his spirit was unbroken. He turned again to his pen, and *Lawrie Todd* and *Bogle Corbett*, *The Member* and *The Radical*, and *The Life of Lord Byron* were only the more notable of the works that were issued in the next three years. He wrote rapidly and naturally, sending sheet after sheet to the press as he composed it. For a short time in 1830 he edited *The London Courier*, the Tory evening newspaper, but though a life-long Tory, he found partisan writing little to his taste, and resigned the post.

Writing could not content him long, whatever fame or financial fortune it brought. The reviving fortunes of the Canada Company soon gave rise to other projects for colonial land speculation. Galt was seized again with the promoter's fever. He negotiated with his friend Edward Ellice for the purchase of his splendid seigniory in Lower Canada, and for a time associated himself with a Liverpool syndicate seeking New Brunswick lands. He finally abandoned both projects in favor of a plan for purchasing Crown Lands in the Eastern Townships, and succeeded in

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1831 in organizing the British American Land Company, of which he was appointed provisional secretary.

With unquenchable optimism Galt looked forward to a new course of active business life. His hopes were doomed to disappointment; the body was not equal to the spirit. Though only fifty-two, he was already old. Carlyle, with a rare good word, thus records in his journal at the time: "Galt looks old, is deafish; has the air of a sedate Greenock burgher; mouth indicating sly humour and self-satisfaction; the eyes, old and without lashes, gave me a sort of wae interest for him. . . Said little, but that little peaceable, clear and gutmüthig. Wish to see him again," and later, "a broad gawsie Greenockman, old-growing, loveable with pity." His illness grew upon him; in 1832 he was stricken with paralysis, and forced to abandon his business plans. Yet, crippled and lame, sometimes blinded and unable to hold a pen, he kept to his appointed tasks, dictating tale after tale and essay after essay. His rambling *Autobiography* and his *Literary Miscellanies* were put together in the fitful intervals of relief from pain.

To few men could inaction be more unwelcome. His busy brain kept devising ever fresh projects, and brooding over past endeavors. He burned to prove to all men the practical capacity that was in him. Yet with all his baffled eagerness he kept cheerful and courageous to the end, kindly and considerate of others as ever, and too proud to complain even of the fortune that had dowered him only too diversely and tempted him in too many paths. After he removed from London to his sister's in Greenock, in 1834, his weakness and sufferings increased, but even the long, dreary years of pain could not break down the firmness and equanimity of this finely-tempered spirit. The end came on April 11th, 1839.

Yet not the end. His work lived after him, and to the land of his chief interest he gave his three sons to carry

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on the work he had been compelled to abandon. "John and Thomas have sailed for Canada," he writes his friend Dr. Moir, "and you cannot imagine how much this event disconcerts me." . . . "Alexander is by this time on the Atlantic. He has received an appointment in the New Company and, with the accountant, was ordered off on the shortest possible notice. I was not prepared for such haste; for since I found myself useless, I have been making arrangements to go also in the course of the summer to Canada, where the boys are, and Alexander was looked to as a standing in the voyage. What effect it may have on my ultimate determinations, I cannot say. I am only yet sensible to his absence."¹²

That voyage so sanguinely dreamed never came. How Alexander proved "a standing" to his father's name and to the land of his adoption, is the subject of these after chapters.

¹²*Memoir*, pp. xcvi, ciii; 1833-1834.

CHAPTER II

The British American Land Company

The Call of Canada—The British American Land Company—
and the Company's Policy—Galt as Commissioner—The
Success of his Policy.

OF the three sons John Galt gave to Canada, Alexander was the youngest. The eldest, himself John, entered the service of the Canada Company, became Registrar of Huron County, with headquarters at Goderich, and died at a comparatively early age. Thomas Galt, the second son, came out to Canada for the second time in the autumn of 1833, entering the service of the Canada Company at Little York. After six years' office experience, he determined to make law his life work, and entered the office of William Henry Draper, shortly afterwards premier of the province. When Mr. Draper became Attorney-General for Upper Canada, Thomas Galt, as chief clerk, was entrusted with the task of preparing the indictments, a task that gave him an insight into the technicalities of the criminal pleading of those days which was later to stand him in good stead in practice. He was called to the bar in 1845. His practice grew rapidly, particularly when the railway building era quickened speculation and promotion, though he always took a leading place in criminal as well as civil practice. He was a partner for a time with John Ross, and later with John Crawford, both well-known figures in the life of the province. In 1855 he was elected a Bench

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of the Law Society of Upper Canada and three years later was appointed a Queen's Counsel. Thomas Galt became a puisne judge of the Court of Common Pleas in 1869 and Chief Justice in 1887, attaining the honor of knighthood the following year. As a contemporary, J. C. Dent, observes, his "excellent abilities, fine presence, and remarkably prepossessing manner" long gave him a leading place in the life of the province.

Alexander Tilloch Galt was born in Chelsea, London, September 6th, 1817. Of his early boyhood there are few records: happy the boys that have no history. It was largely for the sake of his growing family that his father removed in 1823 from London to Eskgrove, near Edinburgh. Five years later came the great adventure: John Galt, looking forward to years of successful work as the Canada Company's Commissioner, had sent for his family to join him. The prospect was hailed with delight by the three boys, who talked all day and dreamed all night of bears and Indians and forest trails. The slow journey across the Atlantic, the honors showered upon the famous author and his family in New York, the journey by steamboat and barge up the Hudson and the Erie Canal to Lockport, were all sources of keen delight to the expectant youngsters. A halt was made at Burlington Bay, but early in the summer Mrs. Galt went on to the Priory in Guelph, while the three boys were sent to the school of Mr. Braithwaite, in Chambly, Lower Canada. Two years later they were recalled to join their father in England, and it seemed that the brief Canadian episode was over.

In London the chief associations and interests of the family were literary, and for a time it appeared probable that it would be the man of letters rather than the man of business in John Galt who would live again in his sons. Tom and Aleck wrote in 1830, when one was fifteen and the other thirteen, the tale which appears, scarcely re-

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vised, in *Bogle Corbett*, and the younger boy, a year or two later, had the honor of seeing a story all his own appearing in *Fraser's Magazine*, then in the full flush of its success. But these first flights were not continued. Opportunities for business careers developed, and all three sons seized them. The literary facility and the power of lucid, straightforward narrative which Alexander inherited stood him in good stead in both his commercial and his political career, but it never tempted him to make literature an end in itself. It was to be business and politics, not business and literature, which were to divide the interest of the younger Galt.

Early in March, 1835, Alexander Galt sailed for Quebec, to take up his work in the head office of the new Land Company at Sherbrooke.

From the outset his fortunes were closely linked with those of the Eastern Townships, the vast undeveloped territory which lay between the St. Lawrence and the American border and between the Richelieu and the Chaudiere.¹ They were the field of the operations of the Land Company in which his business training began and his first success was achieved. It was with the object of developing the Townships that he was induced to take up the building of the St. Lawrence and Atlantic Railroad, and thus entered upon his railroad career. And it was also the interests of the Township and of the Company which first led him into politics, as it was the limitations of the Townships field which throughout shaped his political career.

Early French settlement in Canada had clung close to

¹The land granted by the British authorities in Quebec, after the abandonment of the seigniorial basis of bestowing land, was surveyed into townships, each containing from 5,400 to 6,000 acres. Those on the Upper Ottawa were known as the Western, and those south of the St. Lawrence as the Eastern Townships.

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sea and river bank. The St. Lawrence and the Mississippi tempted far the adventurous furtrader and the daring priest, and all along their length, from Tadoussac to Sandwich and from Duquesne to New Orleans, outposts were planted and stakes driven for the empire of the future. When British rule began in Quebec, the lands on the south shore of the St. Lawrence and along the Richelieu had been granted in seigniories, and a continuous white-cottaged street stretched for scores of leagues along the river banks. Ten miles back, the land was wilderness. This inland wilderness was not, like the river lands, a flat plain, but a rolling, densely-wooded country, thickly netted by rivers rich in power sites but of little use for navigation, and bordered by forbidding swamps. It was destined to prove unsurpassed for pasturage and stock and dairy farming, rich in minerals, and a natural manufacturing centre. But its time had not yet come. The land policy adopted had been such as to deter rather than to encourage its development.

Lower Canada had fared no more successfully than Upper Canada in disposing of its vast heritage of land. Under the French regime, eight million acres had been granted in seigniories, whose holders were bound to concede small areas to any applicant, subject to certain dues, fines and services. After 1763, experiments were made in granting land both under seigniorial tenure and in free and common socage, subject to no conditions. It was, however, in the period between the passing of the Constitutional Act in 1791 and the establishment of a sale system in 1826 that the bulk of the land still available was disposed of. Crown and Clergy reserves were allocated; loyalists, militiamen who had served in the wars of the Revolution or of 1812, officers and soldiers of the British army, were given hundreds of thousands of acres; a generous governor was rewarded for his lavishness by a grant of 48,000 acres, while each member of his Execu-

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tive Council received 12,000. The distinctive Townships method, however, was the evasion of the rule limiting single grants to 1200 acres, by the system of leader and associates, which prevailed from 1791 to 1806, whereby ten to forty men for a slight consideration lent their names to some person of influence, reconveying to him the lands nominally allotted to themselves. After 1814 the location ticket system was adopted, the patent being withheld until proof of clearing four acres of land and erecting a house had been accepted. Then in 1826 a belated system of sale was set up, and three years later the Clergy Reserves, so far as already allocated, were also put on the market.

Settlement lagged far behind disposal. The militiamen and discharged soldiers to whom free grants were made, wearied by the red-tape routine of application, or daunted by the difficulty of reaching the isolated lands assigned them, sold their rights to land-jobbers for a song: the system, in the words of Lord Durham's Commissioners, led to "the maximum of injury to the province, with the minimum of benefit to the militiamen." Except on the southern border, where American settlers made *bona fide* applications, scarcely one of the landholders who had acquired vast estates by the leader and associate device made any attempt to fulfil the meagre settlement requirements. Even the location ticket scheme, adopted with the express purpose of compelling occupation, was evaded in the spirit by fulfilling the letter: four acres of timber were burnt off, a shack raised, no cultivation undertaken, and four acres of scrub growth left as the net result. Of one hundred and five proprietors of Townships lands who in 1838 possessed between them 1,300,000 acres, only six lived on their properties, and many lived beyond the province entirely. A Court of Escheat was established, but political influence prevented it from declaring a single acre forfeited, and with the passing of

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time the claims were recognized in spite of the failure to fulfil conditions. Only on the southern border, where American purchasers or squatters were pushing in, was settlement progressing—in the very section where, ironically enough, the provincial authorities, after the war of 1812, had fatuously attempted to discourage settlement, in the hope of keeping a barrier of wilderness against republican contagion. Surveys were inaccurate, titles clouded, absentee owners beyond the knowledge or reach of the intending settler. The Clergy Reserves long were wolf preserves. Roads were few, badly built and worse maintained: the scattered settlers had neither the means nor the municipal machinery for improvement. Frequently residents on the border, desiring to go to their county town or even to church, found it necessary to cross into Vermont, use its local tax-built roads, and then strike north again. And still the great proprietors of the Townships lands persisted in their dog-in-the-manger policy.² In their grasping for unearned increment they had over-shot the mark: the waste lands were too great a proportion of the whole and too direct a barrier against the development of the rest of the province, to receive any rapid increase in value from the labors of the few scattered pioneers.

²“I am the proprietor of about 50,000 acres of wild land in this province, but the conviction has long been pressing upon my mind that I and other large holders were unwittingly illustrating the fable of the dog in the manger; and this not only in a direct sense, as regards the immediate profit or loss from the lands but indirectly also, as the general interests of the Province must suffer through a mistaken or vicious system of managing the wilderness lands. . . . Twenty years ago or thereabouts I purchased wild land at what was then considered a low price, in the natural hope that it would be gradually increasing in value; so far, however, from realizing this expectation, I now find, after the lapse of so many years (when the accumulated interest on the money invested has increased the cost of the land 150 per cent.), I say I find that I could not if compelled to sell this land, obtain more for it than it originally cost me.”—T. A. Stayner, Evidence before the Commissioners of Crown Lands and Emigration, 1838, p. 65. (Appendix B, Lord Durham's Report.)

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Such was the situation in the Eastern Townships when John Galt and his London associates organized the British American Land Company. By its charter the Company was authorized to acquire lands in all the British North American Colonies, but its operations were actually confined to Lower Canada. After long negotiations between Galt and Lord Howick (afterwards Earl Grey), an agreement was concluded with his successor in the Colonial Office, Lord Stanley, in December, 1833. It provided for the purchase of 251,336 acres of Crown Reserves, and other Crown property not so designated, in the Counties of Sherbrooke, Shefford and Stanstead, and of an unsurveyed tract known as the St. Francis Territory, in the southeast corner of the province, between Lake Megantic and the St. Francis river, supposed to contain 596,325 acres. For this area the Company agreed to pay £120,000, in ten annual instalments; half this amount might, however, be diverted to the construction of roads, bridges, and other improvements, if sanctioned by the provincial government. By subsequent purchase of Clergy Reserves and waste lands of private owners the Company added nearly four hundred thousand acres to its domains.

The coming of the Company was welcomed by the English-speaking settlers in the Townships and the holders of wild lands, in the hope that it would introduce the capital and build the roads so sorely needed. The French-speaking majority of the inhabitants of Lower Canada, or at least their representatives in the Assembly, looked upon the Company with very different eyes. They objected strongly to the disposal of huge areas of land by the Colonial Office, without the knowledge or sanction of the Legislative Assembly; they objected to the revenues accruing from the sale being put at the disposal of the Crown, thus freeing it from the check imposed by the Assembly's control of the purse. They feared that the new Company, with its headquarters in the United Kingdom, would pro-

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ceed to swamp the old inhabitants of the province by hosts of English-speaking settlers. Papineau hotly taunted the American-born inhabitants of the Townships that "having forsaken the country of their birth, they were now ready to sell the country of their adoption." The Assembly voted an address to the King, setting forth its objections at length. The Legislative Council thereupon adopted resolutions strongly favoring the plan, and the Company was fairly launched upon the stormy sea of Canadian politics and racial strife.

In 1835, with £300,000 subscribed and 15 per cent called, the Company set vigorously to work. John Fraser was appointed Commissioner. Three chief centres of activity were chosen. Sherbrooke, at the junction of the Magog and the St. Francis, was made the headquarters of the Company. Victoria, in Bury Township, in the St. Francis Territory, became the centre of the settlement activities in the main tract. Port St. Francis, on the St. Lawrence at the foot of Lake St. Peter, was designed as the port of entry to the whole district, a future rival of Quebec and Montreal. Roads were built from Port St. Francis to Richmond and to Sherbrooke, and from Sherbrooke to Victoria. Wharves and warehouses were built at Port St. Francis, whilst grist mills, saw mills and ash-eries were set up within the Territory.

Meanwhile the Company had laid broad and seemingly generous plans to attract settlers from across the ocean. Agents were appointed at Quebec and Montreal to endeavor to divert to the Townships the hosts of immigrants who were wont to push on to Upper Canada or the western states. They were promised comparatively easy terms of payment, one-fifth down and the balance in three annual instalments. Provisions sufficient to carry them through the first winter were advanced. The Company was ready, for a consideration, to help clear their land and build their log houses. Work was promised on the

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roads and other improvements. By the end of the first year in which actual settlement was undertaken, 1836, over three hundred families were settled at Victoria, occupying 23,000 acres, while 10,000 acres had been sold in other districts. The price secured had averaged nearly three times the wholesale rate paid by the Company, so that financial returns seemed promising. And as for the country, Lord Glenelg's Commissioners, after actual investigation in 1836, were strongly of the opinion that it had made a good bargain, and that the Company was effecting much good.

The appearance of prosperity was short-lived. The opposition of the Assembly thwarted many of the Company's endeavors. The outbreak of the rebellion in 1837 frightened off the better class of British immigrants. The works of improvement were suspended, and with them stopped the stream of new-comers dependent upon them for subsistence. The majority of the settlers already secured failed to meet their instalments or departed deep in the Company's debt. Many of the Company's agents in the St. Francis Territory neglected their accounts and pilfered the stores. Too much capital had been sunk in Sherbrooke land and industries. The outlook was disastrous. Early in 1838 the Company petitioned the Colonial Secretary that they had already expended £176,000 and were under obligations for nearly £90,000 more, while in return they had made permanent sales to the extent of only £4,500, and had realized only one-third even of this amount. They craved remission of interest on the amount still due, and five years' suspension of the payment of further instalments of the principal.

In all the ups and downs of the Company's affairs and in the political excitement of these years, young Galt had been a watchful but quiet observer. He mastered thor-

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oughly the routine tasks assigned him, laying a solid basis for that grasp of commercial forms and insight into intricate financial relations which always impressed his fellows. In 1840, he was given his first independent commission, the task of collecting from the St. Francis settlers the long overdue debts for the provisions advanced on their first settlement. His report to the Commissioner soon made it clear that the young man of twenty-three had a power of going direct to the heart of a difficulty, a fertility of resource, and a quiet assurance of power which marked him out as the only man who could save the situation for the Company.

After reporting the arrangements made to cancel or renew the provision obligations, Galt proceeded to review the whole situation in the St. Francis district and to suggest changes in the Company's policy. Sales had practically ceased, reaching less than £1,000 the preceding year; and now a tax on wild lands was threatened, which, even at a half penny per acre, would amount to £2,500 a year. As for the sales already made and the settlements effected, Galt drew a dark but not exaggerated picture. The bulk of the settlers secured had been "brought up under the English poor laws," and had little veracity or adaptability. The expenditure of a great amount of capital in making roads, bridges, and mills, and in introducing and supporting these pauper immigrants, had brought about a hectic prosperity, followed by a sweeping reaction. Many of the immigrants were gone and their debts with them; more would follow; few who remained could meet their pressing obligations to the Company. The roads made at such vast outlay were falling into ruin; many were actually impassable—grown up with bushes four feet high. Victoria, on which so many thousands of pounds had been spent, was deserted by all but one family. The saw mill was idle. At Gould the storehouses were falling to ruins. At Robinson only four families

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remained, including the agent; the tavern keeper had departed in despair, the blacksmith's forge was silent, the grist mills on which over £1,000 had been spent were in bad order, the pearl ashery in ruins.

For the future, the young observer calmly recommended a complete change in the directors' policy, as to both men and methods. There could be no doubt in the mind of any person acquainted with settling in the woods that British pauper immigrants were helpless when left to their own unaided judgment. To give a new settlement a fair chance, a large proportion of the pioneers should be Americans or Anglo-Canadians; many of this class were now in the Townships, anxious to push on somewhere. Some had means, others none, but any able-bodied man going with nothing but his axe into the woods would make a more valuable settler than nineteen out of twenty of those already in St. Francis. Further, the methods of payment should be changed. The present practice of requiring the settler to pay one-fifth of the purchase price down, and the balance in rapid instalments, deprived him of funds badly needed for the support of his family and the cultivation of his land. Instead, the Company should adopt a still more extensive credit system, throwing open their lands to any who appeared likely settlers, at the current value, interest only to be paid for a certain number of years, and thereafter the principal in easy instalments. Incidentally, this would mean that the Company would turn a large area of land liable to the proposed wild land tax into a revenue-producing asset.

As for the present settlers, the only means of saving the Company's interests was to take payment for land and services in labor, and apply this labor to the building of public works accepted by the Government as part of the purchase price, and of grist mills and asheries at Gould, which was much better adapted than Victoria as

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headquarters of the district. The final recommendation in this sweeping review was that in view of the emergency and of the numerous daily calls requiring prompt decision, it was essential that the Commissioner should be given a free hand: the Court of Directors must by this time have learned that the Company's interests would be safe in his discretion.

The report did not lead to immediate results. Before deciding on the best method of carrying on the Company's affairs, the directors had to decide whether they would go on at all. Negotiations were opened for the resumption of the whole or part of the lands acquired from the Crown, while alternative proposals for relief from interest or postponement of instalments were pressed both in London and in Kingston.

It was clear by this time that the business of a land company was far from being the certain and speedy road to wealth it had seemed. Land could indeed be bought for three or four shillings an acre, but it was not land in England, but land in the heart of an American wilderness, requiring time and patience and ability to develop. Millions of acres in Upper Canada and in the states of the middle west were being thrown on the same bargain counter. Costly roads must be built and maintained, to take the settlers in and bring their produce out. Unexpected political disturbances and racial jealousies must be faced. The cumulative attraction, to prospective immigrants, of friends established in the western sections must be overcome. Values would rise in time, but in time interest on the capital invested would also mount and the cost of the establishment would eat into possible profits. If increment of value was to be secured, it would have to be earned.

Matters went from bad to worse. In 1841, only 400 of the 28,000 immigrants who landed at Quebec could be diverted to the whole Eastern Townships. The sale of

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land was under 1,500 acres and did not even meet the cost of the Canadian establishment. A new calamity was threatened in the imposition of a tax of a penny an acre upon all wild lands, by the newly created Municipal Council of the County of Sherbrooke, a tax more than double current receipts. The only gleam of relief came in the consent of the Government to take back 511,000 acres, much of which had been surveyed and rendered accessible.

In this crisis, late in 1842, the young clerk whose report, forwarded by the Commissioner to the Directors, had shown such a confident grasp of the situation, was summoned to London. He laid before the Court a full analysis of its various undertakings, and repeated the remedies suggested, with others which later experience had shown necessary:—As for British emigrants, canvass them before sailing, not at Quebec or Montreal. Seek Americans and French-Canadians, who were now showing a disposition to settle in the Townships; accept payment from settlers in labor and especially in produce; sell wild lands on long credit, for the present; obtain improved farms for sale to settlers with capital by making arrangements with the present settlers to take over their holdings when required, paying them in money, wild land and cancelled debts; throw no more money into the lake at Port St. Francis; endeavor to bring manufacturers to Sherbrooke and help them to utilize the Company's mill sites there available; give the Commissioner more independent discretion; let him endeavor to take the place in the Eastern Townships which the extent of the Company's interests warranted, and lead rather than be driven in such matters as the imposition of taxes and the expenditure of receipts. In a separate memorandum, on which no action was taken, Galt proposed to take over from the Company its Sherbrooke holdings, in which £27,500 currency had been invested and on which no return was

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being secured. He offered to pay £25,000 on five to ten years' credit, secured by a mortgage and by the assignment of his whole salary.

Leaving the Directors to consider this extensive programme, he paid a lengthy visit to Scotland with his mother, renewing old acquaintances and old memories. By September, 1843, the Court had concluded that if the Company was to go on, it must be largely on the lines Galt suggested and under his control. He was appointed Secretary, and instructed to return to Canada, where his first task would be to carry on negotiations with the government as to further resumption of unproductive lands and annulment of the wild land tax. In these proceedings he was to consult the Commissioner, but this instruction was largely for form's sake, as the Court had already determined to give the Secretary still further promotion if his plans succeeded.

The new Secretary lost no time in returning to Canada. After a brief conference with the Commissioner he posted on to Kingston, the seat of government. How he fared in his first experience of practical politics, how he found the Company's influence at Court rather less than nothing, how he bargained with the Governor-General, Sir Charles Metcalfe, for mutual support, will be seen later. It need only be said here that he soon realized that resumption of the lands was out of the question and that it would be difficult to induce the provincial legislature either to restrict the general powers of the new municipal bodies or to overrule the specific exercise of their power complained of. The sudden break-up of the ministry and the approaching general election put definite action at Kingston out of the question. Galt turned to Sherbrooke and began to sound the Municipal Council and especially its leading spirit, Samuel Brooks, local manager of the City Bank, as to the possibility of a compromise. Meanwhile the system of long credit sales had been put into

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operation, and had already led to a large increase both in the price and the quantity of land sold. The purchasers were chiefly residents of the Townships, many of them squatters on the land they bought, and French-Canadians from the seigniories. This first instalment of the new policy was promising success. It appeared that the tide had turned. When Galt again crossed to London to report, in February, 1844, he received his reward by being appointed Commissioner.

In undertaking the task of restoring the Company's desperate fortunes, the new Commissioner promised to finance future operations without further calls upon the shareholders. In return he stipulated a free hand and a reasonable length of time to prove the success or failure of his plans. This confidence the Court of Directors freely gave and loyally continued. Throughout the period of Galt's service as Commissioner he enjoyed the personal friendship and official backing of the leading shareholders of the Company, and found the connection thus formed of much value in later financial enterprises.

Galt's first task was to avert the crushing burden of taxation imposed by the Sherbrooke Council. He admitted at once that some measure of taxation was just and imperative, both to secure revenue and to compel development. He protested, however, that the rate of a penny an acre levied was far in excess of that required for the works in view,³ and that it made no distinction between good land and bad, land near and land remote, or between absentee proprietors who had received their land free and done nothing to develop it, and the Land Company, which

³ "One penny per acre is equal to a tax of fully five per cent. on the value of lands in Stoke, Oxford, Ditton, Warwick or Weedon, while it is less than one per cent. on that of land in Stanstead, Barnston, Compton Townships, which must necessarily more than equally benefit by the expenditure."—Memorial to Council.

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had paid for its holdings and had poured out thousands in betterments. The Council itself had recognized the unfairness of the tax by making no determined effort to collect it in any of the three years it had been levied.

In a Memorial to the Warden and Council Galt urged strongly a policy of co-operation in the common purpose of developing the Townships:

"Mr. Galt enters upon his duties with every determination to devote all the resources at his command to the advancement of the Eastern Townships, by which course he is satisfied he will best secure the interests of the Company. But he is pledged to carry out these objects from the property here in the country, and without requiring any aid from England, from whence up to this period a constant supply has been obtained to defray even the small annual charges for the Company's management. The exaction of the arrears of taxation would evidently at once cripple every resource at Mr. Galt's disposal, and would necessarily debar him from attempting any useful improvements, while from his inability to pay the demand he would be under the necessity of calling up every shilling due to the Company, producing an unhappy feeling of disunion which could not but be most prejudicial to the interests of all concerned. Mr. Galt therefore places himself fairly in the hands of the Council and begs of them to consider whether it will not be practicable to arrange the difficulties which present themselves and to combine their energies in a determined effort to relieve the Eastern Townships from the embarrassments which have so long oppressed them."

In lieu of this tax he urged an assessment upon all real property, improved and unimproved, according to the value, and offered to advance the Council £2,000 to set the work in motion. As a result of this negotiation and the influence of the minor proprietors, the tax was not collected, but constructive measures halted, pending the reconstruction of the whole municipal machinery. In 1845 the District Councils were abolished and township authorities with no power to collect such taxes established in their place. Two years later county municipalities were again set up, and in 1848 the Sherbrooke Council

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once more proposed to collect arrears of taxes. Once more the Commissioner succeeded in averting this blow and henceforth the Company's lands bore only a moderate tax burden.

Galt now turned to the vital problem of attracting settlers. From the formation of the Company the United Kingdom had been looked to as the natural source of immigration, but hope had been repeatedly deferred. The campaign was now carried on more vigorously, though the personal canvass in the British Isles which Galt suggested was not undertaken. In preparing information for intending colonists Galt was unusually frank and plain spoken, and his expressions of opinion on settlement have therefore a value unusual in immigration literature either of governments or of private enterprises. He warned all comers that Canada was a land of hard work, a land where in six months a farmer or laborer must earn the bulk of his support for the whole year. "A settlement in the backwoods of Canada," he continues, "however romantic and pleasing may be the accounts generally published of it, has nothing but stern reality and hardship connected with it. Alone in the woods in his log cabin with his family, tired with his day's work, and knowing that the morrow brings but the same toil, the emigrant will find but few of his fancies realized. Instead of the certain and luxuriant crop he has looked to as assured, he may find that either his own unskilfulness, the quality of the seed, or the premature severity of the season, has reduced his harvest within a narrow compass. His cattle may die or he and his family may be afflicted with sickness. An observation of seven years and an intimate acquaintance with most of the new settlements of the Eastern Townships, has satisfied the writer that for the first years the emigrant to succeed must work as hard and suffer perhaps

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greater privations than if he remained in Great Britain, but he has throughout the consciousness that he is working for himself and that while meantime he does not want for food, he will soon be possessed of the same comforts and enjoy the same independence as his older neighbors around him."

He distinguished three classes of immigrants. In the first class were the men of capital, perhaps £750 to £3000. They were the most likely to become disappointed with the country, since they usually invested the bulk of their means at once in land and buildings and stock, lived comparatively lavishly, depended on hired labor, and either knew nothing of farming or had learnt it in a country where land was dear and labor cheap, and were unwilling to unlearn. When in a few years they looked about and saw men whom they had at first employed in a situation superior to their own, they too often decided that "Canada is a very good country for a laboring man but not for a gentleman." They would do much better to bank their money and live in comfort in one of the villages in the Townships until they had acquired experience, or else to start in a modest way. The laboring man, again, often dreamed that the rise to independence would be much more rapid and wages higher than the facts warranted. "Unfortunately," he continued, "but few laborers on their arrival in Canada consider what their position was in the land of their birth, and instead of being grateful to Providence and their fellow-men for the improved prospects afforded them, they are difficult to please and quite insatiable in their demands. The writer has known instances where thirty shillings a month and board has been refused by men who preferred begging their way around the public works, where they expected higher wages. The laboring man who seeks a home in Canada should be satisfied to be secured with his family from want in the first instance, and in the course of a very short time opportunity

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is never wanting for an industrious honest man of this class to better his condition." It was, however, the middle class, the small farmers and mechanics with sufficient means to support their families for about eighteen months, until the land gave returns, who were best advised in emigrating. With eighty or ninety pounds such a settler could make a good start, and soon achieve not wealth, which few found, but independence, and opportunity for his children after him: "the real object can be readily obtained, that of an independent home, subject to the curse of original sin, but the possessor must work hard for its enjoyment."

Advice such as this gave little ground for complaint of being lured to Canada by false pretences. It was supplemented by literature of a more conventional and optimistic kind, but neither frank words nor glowing prospectuses could divert to the Townships any large number of British immigrants. The fact was that in the British Isles Lower Canada meant French-speaking Canada: its climate was reputed more severe, and its means of communication much more backward than was the case in Upper Canada or Illinois. While tens of thousands passed on to the fertile English-speaking west, and thousands halted in Montreal, hundreds trickled into the Townships.

There was more hope of settlement by farmers already in the province or in the adjoining states, swarming to new scenes. A goodly number of these men were secured, but the source of supply was limited and the growth slow. Soon the lure of Ohio and Illinois called the Vermonter, when the Erie Canal and the railroad made western travel easy, and he ceased to push northward.

It became clear that the Company must look more and more to the very men whose representatives had for years bitterly attacked it and all its ways—the French Canadians. One great barrier to their incursion had been the unwillingness of the Catholic clergy to see their flocks

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settling upon any land held in free and common socage, since by the Quebec Act of 1774 it had been provided that French law and custom, including the right of the priest to tax and tithe, extended only to lands held under seigniorial tenure. By an ordinance of 1839, however, confirmed by an Act of the Canadian Legislature in 1849, permission was given to the church authorities to set up parishes beyond the old bounds. With the parish system, it was held, went the tithing power. At the same time that this barrier was removed, the growing tide of emigrants to the New England states was stirring clerical and nationalist leaders to realize the need of making the swarms from the seigniories settle within the province. Thus the Company found their new efforts met more than half way. Additional French-speaking agents were appointed, and, solicited or unsolicited, a steady stream of sturdy habitants began to pour in. A special impetus was given to the movement in 1848 by the conclusion of an agreement between the Company and the newly organized Association for the Establishment of French-Canadians in the Eastern Townships. The Association agreed to encourage approved French-Canadian settlers to settle in the Township of Roxton, and later in Ely, Stukely, and Oxford, and, with the assistance of the Bishop of Montreal, to build a church and school and provide a mission priest. The Company engaged to provide land on long terms, to build roads and mills,—“in short, to accomplish all that has hitherto been the duty of the Seigneur without exacting from the settler the obnoxious conditions which apply to lands in the (French) Canadian parishes.”

The Commissioner who in 1848 offered his French-Canadian compatriot “a settlement in the Eastern Townships where he will retain all the advantages of his native parish, his language, his clergy, and his social habits, without one of the restrictions which there curb his

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industry and enterprise," little thought that before the century ended the Eastern Townships would be overwhelmingly French-speaking.

The terms of sale experimentally adopted in 1843 were continued. No payment on purchase was required; for the first ten years interest only was paid, and then the principal was paid off in four equal annual instalments. This was long credit, and it could not have profited the Company if it had not been for the high prices set upon land, before 1843. Writing the Court of Directors in 1850, Galt declared: "It must be borne in mind that the sales made of the Company's property have been at a price enormously greater than their real cash value, a result almost entirely produced by our long credit and partially by our system of produce payments. By these two points combined the Company have not merely had a monopoly of sales but at their own prices. Lands equally good have been sold for 3/ and 3/6 an acre cash when our sales were made at 10/ and 12/6 (currency)." From some points of view these terms might seem excessive, but they evidently suited the circumstances of the purchasers, since practically no wild land was sold by the Company before the change was made nor by other proprietors during the later period. In any event, to charge \$2.00 and \$2.50 an acre, for good Townships land, could hardly constitute extortion. The fact recorded in the same report, that it had not been necessary to bring a lawsuit against a single purchaser since 1843, made clear the considerateness of the policy adopted.

The produce system to which the Commissioner refers in his 1850 report was another outstanding feature of the new regime. Settlers were allowed to make payment in grain or stock, preferably young cattle, and while this entailed much additional work upon the agents, it met admirably the circumstances of settlers who lived far from markets and were short of ready cash. Galt was

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able to say with truth that he was carrying on the most extensive system of barter known in the western world. The scheme bore a curious resemblance to one of John Galt's proposals for the Canada Company territory, but seems to have been suggested rather by observation of customs on the seigniories. It was a temporary measure, gradually abandoned as the growth of transportation and banking facilities made such a primitive survival unnecessary.

In pursuance of his policy of active development, Galt pushed on the building of roads as far as the cash on hand or the labor services due permitted, and built or aided the building of mills and stores and asheries in Township centres. Sherbrooke, where the Company had early acquired practically all the available waterpowers and some 1,500 acres of adjoining land, he regarded as potentially the most valuable part of the whole estate, though bringing in no return for the time. He urged that the only way to make the large investment productive was to put in still more capital, developing the water powers and making advances to manufacturers who could lease or later purchase the mill-sites. This was done, out of the proceeds of land sales, and the growth which followed justified the policy, though one experiment, the establishment of a cotton factory in which the Company took an interest, resulted in a loss. Later, in 1853, when the mineral wealth of the Townships began to arouse attention, Galt organized a subsidiary company, the British American Mining Association, which had a chequered career in its pursuit of gold and copper, and finally resold to the parent company, in 1866, the bulk of the lands it had purchased.

The chief enterprise in which Galt embarked for the development alike of the Townships and of the Company's estate was, of course, the building of the St. Lawrence

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and Atlantic Railroad, but the record of this undertaking must be deferred to a later chapter.

For twelve years Galt directed the policy of the British American Land Company. Then growing business interests and political engagements made it difficult to give the detailed attention its affairs demanded. The directors pressed him to remain, and for the last year, 1855, he arranged to give only a general oversight, with an Assistant-Commissioner, Mr. R. W. Heneker, to carry on the routine work. Even this partial release proved insufficient, however, and with the close of the year he resigned his post, Mr. Heneker succeeding.

The results of this stewardship may be summed up briefly. They amply justified the confidence which the young Commissioner had felt in his own powers, and the confidence which the Court of Directors had freely given. From annual sales of fifteen hundred acres, the average during Galt's term increased to twelve thousand. When he took charge, practically the whole of the Company's investment was unproductive; when he retired, the revenue-bearing mortgages held equalled the book value of the remaining wild lands. The actual value of the real estate alone had come to equal the whole capital, leaving over £100,000 mortgage credits to the good. With all this improvement in conditions, it was not until 1851 that actual cash returns warranted the payment of a dividend, but from that year till Galt's retirement it was not again passed. The very year after he withdrew the Company found itself unable to declare a dividend and not until ten years had gone was it resumed. With the gradual reduction of its holdings, the activities of the Company were lessened, but it is still in existence.

The credit of this achievement did not rest entirely with the Commissioner. The Company shared in the

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prosperity or the stagnation of the whole country, and each year that passed increased the value of the lessening land. Yet the experience of the Company both before and after Galt's Commissionership made it clear how much depended upon the personal factor. Opportunities might be frittered away, profits eaten up by loose management. There was need of decision and sound judgment if the happy skirts of chance were to be seized, and fortunately they were at hand. The Directors said no more than bare truth when in 1856 they declared that the retiring Commissioner had by his able management "changed the position of the Company from one of almost helpless insolvency to that of a valuable and remunerative undertaking."

CHAPTER III

Galt and the Coming of the Railway

Canada in the Forties—Canal and Railway—The Opening of the Townships—The Rivalry of Boston and Portland—Promoting the St. Lawrence and Atlantic—The First Canadian Appeal for English Capital—The Failure: Galt Takes Hold.

IN the closing forties Canada entered upon its first great railway era. For a decade, in the words of Sir Allan Macnab, railways became our politics. They dominated public interest and private speculation. At the close of the era Canada was vastly different from what it had been at the outset. Not only were the ends of the great struggling province bound together, and winter's six months' ban upon intercourse with the outer world removed, but new experience had been attained in organizing joint stock companies. The flow of capital from London had been started. New possibilities of sudden wealth by railway promotion or land speculation opened up before the sober plodding provincials. The all too intimate connection between railways and politics which has ever since been a distinguishing feature of Canadian life had begun. The nation-building possibilities of the railway were becoming manifest to the eye of faith. The province definitely emerged from the pioneer stage and became an organic part of the great world of commerce and finance.

In this development A. T. Galt took a varied but always prominent part. Alike in the promotion, the financing,

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and the construction of railways, his skill and tact and optimistic courage found fitting opportunity. He was the representative railway figure of the decade, and a survey of his activities enables us to realize in some measure the changes in Canada's industrial life.

It is difficult to realize to-day how primitive was the industrial and financial structure of Canada in the forties. Alike in travel, trade and business organization, the province was still in the pioneer stage.

The province of Canada was isolated by an unsettled wilderness from the provinces by the sea; the vast territories to the west were merely a fur preserve, their possibilities undreamt of. In Canada itself settlement had been effected only along the southern fringe, following the lake and river banks, with struggling venturings into inland wilds. Five out of every six of the million and a quarter people who lived in Canada East and Canada West in 1845 were engaged in either farming or lumbering. There were only three cities with a population of ten thousand, Montreal, Quebec and Toronto, and the largest of these, Montreal, had only fifty thousand. Hamilton and Kingston came next with about eight thousand. Sherbrooke was a village of some seven or eight hundred.

Self-sufficiency was the striking feature of the time. Each little district and to a large degree each household produced the bulk of what it required. The village store, the village smithy, the village grist mill and sometimes the village foundry or fulling mill supplied such wants of the country round as were not met by the farmers themselves. The farm was worked very much more for use and less for profit than to-day; from home-spun clothing to candles, from maple sugar to soft soap, the bulk of the few needs of the average family was met by the farm itself. The exports from Canada were chiefly timber and sawn lumber, grain and flour, potash and pearlash; Canada East had no surplus of grain available

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and the amount shipped from Canada West was surprisingly small.

In the cities it was also the day of small things. Some comfortable and substantial fortunes had been built up. The North-West Company had bequeathed its magnates and its memories. The forests had made and unmade many, foresight or favor or chance had helped others to become land rich or land poor, and particularly in Montreal the import trade and milling had built up large wealth. But as yet the wealth of Montreal or Toronto was wealth only as compared with the scanty cash possessions of the struggling farmers. Compared to the resources calling for development, their wealth, especially that which took liquid and negotiable form, was poverty. The stream of British capital had scarcely begun to flow. What capital was available was mobilized by the seven banks—the Montreal, City, Upper Canada, Commercial, British North America, Banque du Peuple and Gore—with their fewer than forty branches. Business organization was as primitive as capital was scanty. The corporation, which to-day dominates the industrial and financial field, was hardly known; the banks mentioned, a few insurance companies, the two land companies, nearly exhausted the list. Individual or partnership control was the rule.

Commercially as well as politically, as will be further noted in a later chapter, Canada was in the colonial or dependent stage. Though the old Colonial System was really just about to break down, it appeared a substantial and enduring fact, and determined the trend of Canadian trade. The commercial relations of the colony, the tariff, the shipping facilities, were matters for imperial control and were controlled primarily in the interest, or in what was supposed to be the interest, of Great Britain, with such appeasing and compensating advantages to the colonies as could be made to fit into the scheme. None but a

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British or colonial ship could carry a passenger or a ton of freight between a Canadian and a foreign port. British manufacturers were given a very large preference in Canada, and certain Canadian raw materials, especially timber and grain, were given corresponding preference in Britain. Higher duties on goods coming by land than by sea gave a further advantage to the direct trade from England, and incidentally gave the merchants of Montreal and Quebec very nearly a monopoly of the trade of Canada West.

Methods of transportation were correspondingly backward. The province had a magnificent asset in its St. Lawrence lake and river route, but this served directly only the long southern fringe, was barred by fall and rapid, and in winter was of little avail. Through the dense forest roads were cut slowly, the blazed trail becoming a corduroy road, and the corduroy a graded road, but the roads were still few and for the most part incredibly bad. Ocean transport was impossible for the six months that ice sealed the St. Lawrence, and it was not yet permissible to ship goods through the United States in bond.

The forties saw great improvement. A vigorous policy of canal construction was begun immediately after the Union of 1841, and by 1848 it was possible for a steamer drawing nine foot of water to pass from Montreal to Detroit. Toll-road companies did as much for the main land highways as the province had done for the canals, and coach vied with steamer in swiftness. Yet with all the improvement, when the day of coach and steamer was at its height, the journey from Quebec to Amherstburg took eight days by coach or six by coach and steamer—and this over incomparably the best routes of the province. As to the ordinary roads, the fact that settlers in the Townships were often compelled when going to church or market to cross the border into the United States, ride

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along the passable roads of Vermont and New Hampshire and re-cross into Canada again when opposite their destination, speaks volumes. No single fact, perhaps, more clearly illustrates the barriers erected against travel by these inadequate facilities than the following extract from a prospectus for a Railroad from Montreal to Boston, issued in 1844 by a committee of which A. T. Galt was the head: "A very considerable number of passengers now have occasion to pass from Lower Canada to New England during the year, of whose numbers it is difficult to form an estimate, but *it probably exceeds 1000 in the year, being 500 each way.*" That is, with all the optimism of prospectus writers to aid the search, scarcely more than one traveller a day from Lower Canada, with its more than 600,000 people, to New England, could be discovered!

Why not the railway? Stephenson's Rocket had made its world-startling run in 1829, and fifteen years later Britain and the United States each counted thousands of miles of railway. Yet at this time Canada's sole railway was the sixteen-mile Champlain and St. Lawrence, a summer portage road running between Laprairie on the St. Lawrence and St. Johns on the Richelieu. It had been built in 1836, and while moderately successful, had found no successors. Many projects were framed and charters issued, but political unrest, lack of capital and of leadership, and the absorption of public interest and public funds in the building of what were the most splendid canals in the world in their day, prevented any progress. The real initiative and the crucial experience which led to the rapid development in the fifties came from the Eastern Townships experiments with which Galt was so intimately connected.

For the Townships better means of transport were the foremost need. They had been settled late simply because difficult of access. The comparatively few settlers who

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straggled in were badly handicapped by the inaccessibility of markets for their produce. The counties along the St. Lawrence and Richelieu could count at least on summer communication, but the rivers of the inland townships were more valuable for power than for transport. Ordinary roads were slowly being opened, with little help from the central government, but for communication with the outside world the railway seemed essential. Midway as the Townships were between Montreal and the New England coast, bound to the one by political ties and to the other by the origin of its early settlers, it was natural that the idea should take shape of a road from Montreal to Boston or Portland, traversing the Townships.

The first suggestion came from Boston. A strenuous rivalry had begun between the various United States ports for the trade of the rapidly developing West. New York had gained a great advantage by the building of the Erie Canal, but Baltimore and Philadelphia and Boston hoped to conquer the canal by the railway. Boston had already tapped the Erie Canal at Albany by its Western Railroad. The possibility of a more ambitious stroke, a road to the St. Lawrence river, preferably at Montreal, had now presented itself. The construction of the Canadian canals would then give the New England ports access to the heart of the western states.

Montreal was much less interested. Itself a seaport, it could see no necessity of building hundreds of miles of railway to reach the New England coast. The miracle-working canals, when completed, would make it the market-place, the distributive centre, (the "emporium," as the newspapers liked to put it) not only of Western Canada but of the western states. The differential duties imposed by Great Britain further assured a substantial monopoly of the import trade. And even had the will to build been present, the power seemed lacking. The Montreal of those days had neither the capital, the promotion instincts nor the railway experience of Boston.

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The seed planted by the Boston missionaries fell on stony ground in Montreal, but in fertile soil in Sherbrooke. In February, 1843, a meeting of the inhabitants of the St. Francis district was held at Sherbrooke, and the proposed railway heartily commended to the attention not only of the British, Canadian and United States governments, but also, with unconscious prophecy, to "*the Philanthropist and the Patriot*." Galt was absent in England at the time but on his return and his appointment as Commissioner of the Land Company, he threw himself into the project with enthusiasm and energy. He recognized its supreme importance, not only for the Townships generally but for the Land Company in particular. He became chairman of a provisional committee, composed of B. Pomeroy, Edward Hale, Samuel Brooks, John Moore, J. McConnell, and George S. Browne, visited Boston and interviewed the leading railway men, and prepared a modest prospectus or "Statistical Information relative to the proposed Rail Road from Montreal to Boston via the Eastern Townships." But to no avail. Boston's efforts were distracted by the rivalries of different companies and different routes, and Montreal remained aloof.

Her aloofness suddenly ended. Hitherto the practice of importing goods in bond over foreign soil had been unknown in America, but in 1845 a Drawback or Bonding bill was passed at Washington. In the interest of United States ports and railways it permitted free passage in bond to Canadian imports or exports. At once Montreal saw its monopoly threatened. Canada West would import its British wares by New York, or Boston, particularly during the months when the St. Lawrence was sealed with ice. The establishment in 1840 of the Cunard line of steamers, plying between Liverpool and Boston, and heavily subsidized by the British government, had already tended to make Boston a distributing point for the province, and the new measure would hasten this develop-

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ment. Montreal must itself seek railway communication to the sea, if it was not to be side-tracked for six months of the year.

At the same time a rival claimant appeared for the choice of Atlantic terminus. Portland, a sleepy little town in Maine, threatened with the loss of what population and trade it had by the irresistible attraction of Boston, had yet two assets of importance, one a good harbor, the most northerly on the United States coast, and the other the enthusiasm of John A. Poor. Poor, a young lawyer practising at Bangor, had early become fired with enthusiasm for railway building. In 1843 he made public two schemes which had a lasting influence on the railway progress, not only of Maine, but of the British provinces on either border. The first was for a road from Montreal to Portland, which would be much shorter than any possible route to Boston, and the second for a road from Portland to Halifax which would connect with the New England and New York railways and make Halifax the landing place of all passengers, mails and fast freight between England and North America, with Portland an important secondary distributing centre. Galt and his Sherbrooke friends soon decided to throw in their lot with Portland rather than with Boston, mainly because it was becoming apparent that if Boston won, a southerly route by Burlington and Lake Champlain, thence northward, would be chosen, and the Eastern Townships left out in the cold. In endeavoring to bring the merchants of Montreal to this view, Galt formed many lasting business connections and personal friendships which were to lead him a decade later to make Montreal his home. His efforts were earnestly backed by Poor, who early in 1845 made a five-day journey up from Portland through a north-east blizzard and turned the scale by a fervent address to the Board of Trade. A spectacular element in the contest between

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Portland and Boston was introduced by a race arranged by Poor and the Boston agents. An English ship was shortly to arrive at Portland and to proceed at once to Boston; it was agreed that an express should start from each port immediately upon arrival, Portland being favored by distance, Boston by its partially completed railways. The Portland agents stationed relays of teams from five to fifteen miles apart, and marked out the road by evergreens stuck in the snow. They had the triumph of seeing a coach and six arrive in Montreal twelve hours ahead of its Boston rival; the 280 miles had been covered in 20 hours.

Whether moved by this victory or by more prosaic arguments, the Canadian legislature in March, 1845, incorporated the St. Lawrence and Atlantic Railroad Company, with power to build to the New Hampshire border, there to join the Atlantic and St. Lawrence, running to Portland, and chartered by Maine and New Hampshire. Its capital was put at £600,000, Halifax currency, or \$2,400,000. Maximum rates—five pounds per ton for freight and thirty shillings per passenger for the whole 125 miles to the border, and proportionate rates for shorter distances—were named, and it was provided that half of any surplus profits over twelve per cent were to go to the province. A provisional committee was struck, including Peter McGill, Wm. Molson, George Moffatt and John Torrance, prominent among Montreal merchants, John Fotheringham of the City Bank, A. N. Morin, then in parliament and later to be joint premier, Samuel and Edward Hale, members for Sherbrooke town and county, A. T. Galt, and others.

The terminus chosen and the charter secured, the next step was to obtain the capital. The provisional directors expected to be able to raise the whole amount from private sources, partly in Montreal and the Townships, but mainly

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in England. They had little doubt as to the large profits to be reaped once the road was built, but realized that it might be difficult to persuade outside capitalists to take their own rosy view of the possibilities of this undertaking in a remote and obscure province. Accordingly they determined to seek government assistance, not a subsidy, but a bond guarantee of three per cent for twenty years on the estimated cost, £500,000. Accordingly, in March, 1845, the provisional committee waited upon the Draper-Viger cabinet, Galt acting as chief spokesman. They found little welcome. The finances of the province were not flourishing. The canal programme absorbed all surplus revenue. In any event, the ministers, as Galt had feared, (see letter to Brooks and Hale, p. 138) looked upon the support of the Eastern Townships members as secure for Metcalfe and themselves whatever happened, and were not disposed to make unnecessary concessions to keep them in line. Galt himself was not *persona grata* with several of the members, partly because he was gradually becoming more moderate in his political sympathies, more distrustful of the extreme Compact party, and partly because of a not unnatural jealousy which the official representatives of the Townships felt of the influence and energy displayed by the young Commissioner.¹ It was not surprising, therefore, that no guarantee was forthcoming.

Failing government backing, the provisional committee were compelled to rely on the merits of the plan or their

¹ "The influence of public bodies as well as of men in this province is very much regulated by their political power. . . . I could point also to the long protracted applications relative to the Railroad, when the answer made to my most urgent entreaties was, 'Why do not your representatives take the matter up, if it be so important?' I have felt for the last four years that the representatives of the Eastern Townships were jealous of my exertions on behalf of the country, and offered a cold support that chilled all my efforts, and effectually barred success with the government."—A. T. G. to Alexander Gillespie, Governor of the British American Land Co., April 16, 1849.

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own skill as prospectus writers. In bringing the investment before the Canadian public, provincial hopes and local fears alike were appealed to. The railway was "to be considered as the completion of the Canadian efforts to obtain the trade of the West," and the only means of averting the disastrous blow to the important interests of Montreal that would come "by diverting the supply of Western Canada to New York and Boston." The settlement of the Eastern Townships and the development of large local traffic were also emphasized. With all this persuasiveness, the total subscriptions in Montreal and the Townships amounted to only £100,000 currency, or one-sixth of the capital required.

To secure the remainder, the committee determined to send Galt to London, and accordingly he spent the summer of 1845 learning the ways of the English investor. The St. Lawrence and Atlantic was the first Canadian enterprise to appeal for English capital.

The time seemed propitious. England was in the grip of the Hudson railway mania. After the Liverpool and Manchester was opened in 1830, railway development proceeded steadily and soundly. In 1840 about 1300 miles had been constructed. The extortionate price set on land by the great proprietors, and the heavy cost of getting a bill through parliament had prevented more rapid expansion. After 1840 the pace quickened. George Hudson, a merchant of York, who had been successful in promoting a local road, embarked on wider schemes and soon became a power in the land. The influence which the landed proprietors had brought to bear upon parliament to block railway proposals was now exerted to carry the bill of any and every company which had seats at its board and gold to fling for its right of way. The capital which parliament authorized railway companies to raise was, in 1842-3, £4,500,000; in 1845, £60,000,000. In two days

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Hudson obtained approval of forty bills involving the expenditure of £10,000,000. The scrip of a company which stood at £4 a share went up to £40 three or four days after he joined the directorate. In a single week in 1845, in three newspapers, eighty-nine new schemes were announced, requiring £84,000,000 capital. And still the issues poured forth. Every hotel in London was jammed with the witnesses brought down by counsel for rival lines, and the committee rooms and lobby of the House of Commons presented a scene such as they never witnessed before or since.

Galt reached London when this pandemonium was at its height. He was not without influential friends in Lombard street. The shareholders and directors of the Land Company included many men prominent in finance, Edward Ellice, Alexander Gillespie, Robert McCalmont, and others, and both because of the Company's interest in the upbuilding of the Townships and their confidence in the judgment of the Commissioner, they gave the plan their sanction and went on the London committee. The London prospectus dwelt on the support already given in the colony and the possibilities of through and local traffic. It estimated the cost at £450,000 stg., the income at £80,000, and the expenses at £30,000. It is interesting to note, in view of the contrary emphasis in the Grand Trunk prospectus eight years later, the contrast made between English and American railways, "the former, from their vast preliminary expenses, costly land outlays, double tracks and extensive establishments costing about £30,000 a mile, while the latter, with single tracks, do not average over £5,000 per mile and are worked very much cheaper, thus affording the capitalist a good return in the one case from an amount of traffic that would subject him to ruinous loss in the other."

On the whole, it was a modest claim compared to the hundreds of glowing forecasts which appeared in rival columns in August, 1845. Yet it did not pass unheeded.

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The bulk of the capital was subscribed at once and small deposits paid down. The young financier and his fellow-directors in Montreal were delighted. Other Canadian railway promoters awoke to the possibilities of tapping this great reservoir, and Allan Macnab journeyed over at once to endeavour to duplicate for the Great Western Galt's success, though without avail. The long procession of Canadian railway magnates, actual and potential, to London had begun.

The rejoicings did not last long. The flood of speculation on which the Canadian offering had been floated so easily, was already ebbing. The disclosure of Hudson's fraud in the Eastern Railway project hastened a collapse. Thousands of scrip holders were ruined in the smash. Those who could still draw back hastened to do so. The St. Lawrence and Atlantic suffered with the rest. Its English subscribers refused to pay up the calls and endeavoured to recover their deposits.

The building of the road seemed further away than ever. When Galt returned to Canada, he found the committee uncertain whether to go on. His own vote was for pressing forward. Blissfully unaware of the difficulties of financing and building a railway in a pioneer country, the majority of the committee came to the same conclusion, and in April, 1846, the definite organization was effected. George Moffatt, member of parliament for Montreal, was elected president, and the directors included A. N. Morin, John Torrance, Thomas Stayner, Peter McGill, Samuel Brooks and A. T. Galt.

Under an able engineer, A. C. Morton, surveys were at once begun. Sectional rivalries and the hilly nature of the border country presented equal difficulties. Stanstead and Sherbrooke each sought the line, the one claiming a shorter route, the other offering a junction with a later road running to Quebec and perhaps to Halifax. With similar rivalries rampant on the Maine side of the border, the two boards found much difficulty in agreeing on the

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junction point; in fact, it was not until 1851 that this was definitely settled. Trial locations by way of Sherbrooke made it seem probable that a line about 126 miles long could be secured, the cost now being estimated at £850,000 currency, or \$3,400,000.

By wide canvassing, the stock subscribed in Canada was increased to £200,000; about £35,000 remained uncanceled in London, and the contractors for the first section, from Longueuil to the River Richelieu, took the same amount of stock in part payment. But it was soon found that subscribing was one thing and paying another. Little was secured from London even after lawsuits established the stockholders' liability. Montreal subscribers were hard hit by the commercial depression following the repeal of the Corn Laws, and incidentally, of the preference which Canada-milled flour had enjoyed in Britain. In time, however, the bulk of these subscriptions were paid up.

The Township shareholders, for whom Galt was mainly held responsible, had even less ready money. As late as October, 1849, Galt found it necessary to send an urgent circular to the great majority of the Townships men, in which he declared:

I am aware that the want of money in this district, and the fact that the outlay on the Railroad was not taking place amongst us, have operated prejudicially on the ability of the Township stockholders to make their payments; but now that the work is actually in progress to speedy completion, I have pledged myself to the Directors that there will be no backwardness here, and I rely on the good faith of the people of this district to enable me to fulfil my assurances. In my past exertions on behalf of the Railroad, I have been supported by the conviction that I could depend on the hearty co-operation of every resident in the Townships, and great will be my disappointment if my present appeal be not responded to by the immediate and earnest endeavour of every stockholder here to fulfil his engagements.

This appeal had its effect, and, tardily, the long overdue calls were paid. To facilitate matters, subscribers

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were allowed to make payments in kind, delivering meat or flour or butter and eggs to the construction gangs along the route, at a fixed schedule of prices. The line was drawn, however, when one of the Sherbrooke shareholders, himself a director, wished to turn in a farm as payment on his subscription. Indignant at the refusal, the director at once resigned.

Even if all stock subscribed had been paid up, the Company's capital would still have fallen far short of the estimated cost. It was next determined to attempt to float a loan in England, in the hope that bonds would appeal more strongly than speculative shares. Again the financial capacity and personal tact of the young Commissioner were recognized, and late in December, 1846, the Board authorized him to proceed to England and endeavour to sell a £500,000 issue of bonds. With the Oregon difficulty threatening war in America, and railway enterprises still suffering from the reaction from Hudsonism, London declined even to nibble at the opportunity, and Galt returned empty-handed.

These resources failing, the directors turned to the quarter which was to prove for two generations to come the last and often the first hope of the railway promoter—the state. The prospects of securing government aid were more favourable than they had been some years before. The canal system which had absorbed all the funds and all the attention of the province was practically completed. The constitutional struggles which had marked the past quarter century were nearly over, and men were glad to turn to other issues. Politicians of the Hincks and Macdonald type were taking the place of the Baldwins and LaFontaines. In Canada West an influential group, headed by Sir Allan Macnab, were equally anxious to secure government backing for the Great Western project, and they joined forces with the Montreal backers of the St. Lawrence and Atlantic.

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During 1848 the government gave no sign of aid, though a Committee of the House, with Macnab as Chairman, recommended guaranteeing the stock of these two roads. Construction was pushed slowly along with existing resources, and on December 7 the road was opened to St. Hyacinthe, thirty miles from Longueuil. Then Montreal underwent an experience which brought home to all the necessity of a winter outlet to the sea. During the fall and early winter the canals had poured into Montreal and Quebec, as usual, the growing stock of western produce, to be shipped across the ocean as soon as the ice broke up in the spring. The winter was scarcely begun when prices in the English markets began to fall, and for nearly six months the Canadian merchants were compelled to sit idly by while every post brought word of still further decreases. The losses that resulted in this single winter were estimated at half the cost of building the railroad through to the winter port of Portland.

Early in February, 1849, George Etienne Cartier presented another petition from the St. Lawrence and Atlantic directors, emphasizing the need of railways to supplement the canal system in securing for Canadian routes and Canadian ports their fair share of the trade of the West. Every United States city on the Atlantic seaboard was backing a railway designed to give it as great a proportion as possible of this growing traffic. Canada must not be behindhand.

Finally in April, 1849, Francis Hincks, Inspector-General in the Baldwin-LaFontaine ministry, brought down a measure based upon a suggestion of the St. Lawrence directors. He proposed that whenever any railroad over seventy-five miles long had been half built from private resources, the government would guarantee the interest, not to exceed six per cent, on an issue of bonds equal to half the total cost of the road. The province would be protected by a first lien on the whole road. Macnab,

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though leading the Opposition of the day, hastened to second the resolutions, and the first step in the policy of state aid to railways was speedily taken.

The horizon brightened, but not all the clouds had yet lifted. It was still necessary to find funds to build 33 miles to Melbourne or Richmond, before the Company would be entitled to call upon the province for aid for the second half. To make matters worse, during the summer of 1849, serious mismanagement of the Company's finances came to light. The history of Canadian corporations had fitly begun by a striking instance of directors failing to direct. Under the management of a faithless secretary, a debt of £50,000 had accumulated of whose existence the directors knew nothing! Vigorous measures were needed to save the situation. Galt, who had hitherto taken little part in the detailed management, was pressed by his fellow-directors to come to Montreal and take control. The Land Company were reluctant to give up part of his services but agreed rather than lose them altogether. Accordingly A. N. Morin, the existing president, who was too much preoccupied with politics to give the railroad's affairs due thought, resigned late in 1849, and Galt was elected in his stead. He was not yet prepared to make Montreal his headquarters, but more and more the railroad and other metropolitan affairs drew him away from Sherbrooke.

With the assistance of John Young—politician, promoter, business man, eager advocate of canal and railway and of a St. Lawrence bridge—Galt soon brought order out of chaos. The city of Montreal had already agreed to aid the road by taking £125,000 preferential stock, giving its bonds in exchange. Now the Land Company and the Seminary of St. Sulpice were each induced to take bonds to the amount of £25,000. To bridge the remaining gap, a contract was made with Black, Wood

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and Company, of Pennsylvania, who had built part of the Canadian line, and were to build all the Maine portion, by which they undertook to build the whole road. The price per mile agreed upon was £6,550, or \$26,200. This was a somewhat high figure for an only moderately well-built road, but it was only a nominal price. The contractors agreed to accept part of their pay in stock which was at a discount of fifteen or twenty per cent, and the rest in provincial bonds, when secured. The transaction practically meant that the government's half of the road was sufficiently increased in cost to recompense the contractor for the shortage on the first half.

There were still some difficult corners to turn, days when the City Bank or the Commercial or the British North America would decline to advance a few hundred pounds to meet pressing local debts, days when the procrastination of the contractors or their demands for extra payment strained patience to the utmost. Eventually the Company took the contract from Black, Wood & Co. and completed it by day-work, under the efficient supervision of the new Chief Engineer, Casimir S. Gzowski. But the worst was over. The second section of the road, from St. Hyacinthe to Richmond, was opened in October, 1851, and the third section, from Richmond to Sherbrooke, in September, 1852. The latter event was made the occasion of a great celebration, with the Governor-General and nearly all the members of the provincial parliament in attendance.

Meanwhile the Maine Company, the Atlantic and St. Lawrence, had been facing much the same difficulties. The city of Portland had come to its aid by taking \$1,500,000 of bonds, and an equal amount was sold privately, together with a few thousand shares of stock. The state of Maine, however, unlike the province of Canada, was barred by its constitution from giving any aid to railways or other private enterprises, so that the Ameri-

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can promoters reached the end of their tether sooner than the Canadians. It was accordingly arranged in 1851 that the Canadian Company should build sixteen miles beyond the border to Island Pond, Vermont. For this purpose a special issue of bonds at seven per cent was made, and floated in London by the President.

Before the road to Portland was completed, new enterprises had been set on foot which dwarfed it in importance and diverted the interest of its chief officials. The vision of a great Main Trunk line binding all the British North American colonies, running from Halifax to Quebec and on through Montreal and Toronto to the western boundary at the Detroit River, had seized the imagination of leading men in all parts of the scattered colonies. Foremost in conceiving and in executing the first part of this greater project, the Grand Trunk Railway of Canada, was A. T. Galt.

CHAPTER IV

The Building of the Grand Trunk

The Railway Era—The Rivalry of the United States—Howe and the Intercolonial—Canadian Plans for the Grand Trunk—Hincks and the English Contractors—The Struggle for the Contract—Changed Tactics: The Amalgamation—The Building of the Road—Gzowski and Company: Later Years—The Balance Sheet of the Grand Trunk.

THE fifties form the first great railway era in Canada's history. In 1850 there were only sixty-six miles of railway in all the British North American colonies; in 1860 there were two thousand and sixty-five. At the beginning of that period the only roads in operation or actively projected were short and as yet unconnected fragments, for the most part portage roads between the leading waterways. At the close Canada possessed the longest railway in the world under single management—the Main or Grand Trunk Railway, running from the Great Lakes to the sea.

As has been seen, the experience derived in the building of the St. Lawrence and Atlantic deeply influenced later developments. In spite of the difficulties and dangers encountered, in spite of the narrow escapes from bankruptcy and complete cessation of work, the men most closely concerned in its management were fired with ambition to attempt yet greater tasks. They had learned how to finance and how to build a railway, how to secure

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the help of the British investor and of the provincial government, and how to bargain with contractors and hold them to the bargain. Their appeals to the province for aid had led to the introduction of the bond guarantee policy, and had definitely turned the thoughts of government and of public alike from canals to railways.

When the road to Portland was first projected, it was assumed that Montreal, or rather Longueuil, on the south shore of the St. Lawrence opposite Montreal, would remain the western terminus. The products of the interior were to come down by river and canal, and to seek a further market direct by sea from Montreal or by the new road to Portland and beyond. The railway could supplement river and canal, but could not compete with them in carrying bulky products.

This assumption was soon rudely shattered. The United States ports and railways to the south were not content to let Montreal win so easily a commanding share of the trade of the golden west. Every important port on the Atlantic was striving to become the outlet of the growing western traffic. Baltimore and Philadelphia pushed railways west to the Ohio country. New York supplemented the Erie Canal by the Erie Railway, and piece by piece put through the road to Buffalo later known as the New York Central. Boston tapped the same stream by its Western road to Albany. Still more threatening to Montreal interests was the Ogdensburg Railway, which ran from Ogdensburg on the St. Lawrence, just south of the Canadian border, to Lake Champlain, where it was to connect with roads to Boston and New York. If all the expectations of its builders were fulfilled, this road would secure every ton of ocean-bound traffic that had filtered past Buffalo and other western points, and Montreal would see the whole stream of western trade deflected to the south.

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This wide activity, and especially the competition of the Ogdensburg road, soon convinced Montreal interests, and not least the men behind the St. Lawrence and Atlantic, that a further step must now be taken.¹ It was not enough to supplement river and canal; they must now be paralleled and rivalled by the railway. Late in 1850 a public meeting was held in Montreal, and a committee appointed to consider the possibility of building a road to Prescott or Kingston. Galt and Young were members of this committee, and equally active were two men whose future was to be closely linked with Galt's, Luther Hamilton Holton and David Lewis Macpherson. A preliminary survey was made by C. S. Gzowski, and later a more detailed survey by T. C. Keefer; the municipalities along the line were interested, and in 1851 a charter was sought from the legislature.

The men who came together in this railway enterprise were all destined to achieve a place of distinction in the life of Canada. Equally notable was the experience upon which their interest and confidence in the new undertaking were based. They were not mere promoters, seizing an opportunity in a field in which they had no personal experience and in which they did not expect to continue. Each had had training of a kind eminently desirable for the founders of a great railway project. David L. Macpherson was a young Scot who had come to Canada in 1833 to enter the Montreal forwarding firm of Macpherson, Crane & Co., in which his brother was senior partner; by 1842 he had himself become a partner. Luther H. Holton, of Upper Canada birth and New England ancestry, had entered the same field, and was junior partner in the Montreal firm of Hooker, Holton & Co. Both these firms

¹ "The diversion of trade from the St. Lawrence by the Ogdensburg Railroad seriously alarmed the country, and it was felt highly necessary to meet the case, by the construction, if possible, of a railroad from Montreal to Kingston." L. H. Holton and A. T. Galt before Committee on Railroads, Fourth Report, 1852, p. 5.

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were active and enterprising, and in their vessels and wagons they carried on a large part of the transportation work of the province to which the railway was to fall heir. Casimir S. Gzowski had had an experience more picturesque and varied but equally helpful for his present task. Born at St. Petersburg in 1813, the son of a Polish nobleman in the Russian military service, he had taken a course in military engineering and then entered the Russian army. When the Polish insurrection of 1830 broke out, young Gzowski threw himself into his country's cause and faced in turn treachery, defeat, wounds, imprisonment and exile. He escaped across the Atlantic, landed in New York without knowing a word of English, and in six years had qualified himself for admission to the bar. After a brief practice he returned to his earlier field of engineering, and in 1841, on coming to Canada, he was appointed to a post in the provincial Department of Public Works which he filled with ability until his appointment to the St. Lawrence and Atlantic. It was a notable group.

By this time, however, a new phase in the railway situation had developed. The energy of Joseph Howe had brought to the front the project of an Intercolonial railway, connecting Halifax and St. John with Quebec and Montreal, and eventually with Toronto and the western border of Canada. In the light of this proposal the whole situation had to be reconsidered.

The planning of the Intercolonial began nearly half a century before the road was constructed. As early as 1829, citizens of St. Andrews, New Brunswick, had met to discuss the possibility of a road to Quebec, and six years later a company was formed to build it. The dispute with the United States as to the boundary between Maine and the British provinces, and the final award to the United States of much of the territory through which the road to Quebec was located, halted proceedings. In

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1847 ground was broken for the construction of the New Brunswick and Canada, running north from St. Andrews, but financial weakness and the lack of interest elsewhere in the Maritime provinces in this road on the extreme western boundary hampered progress.

Meanwhile St. John and Halifax had become interested in the project. The military and political advantages of railway connection between the Maritime provinces and the Canadas were undeniable, and seemed to the colonists to justify imperial aid. In the forties, however, the old imperial system of treating the colonies as vast estates to be developed for the advantage of the mother country was breaking down, as we have seen, and British authorities were sceptical as to the advantage to be gained by backing such a formidable undertaking. As a compromise, it was agreed in 1846, when Mr. Gladstone was at the Colonial Office, that a survey should be made to test the engineering feasibility of a line, the three colonies, Nova Scotia, New Brunswick and Canada sharing the expense and the British government naming the engineer. In 1848 the survey was completed, and a route long known as "Major Robinson's line" was recommended, following roughly the direction taken by the present Intercolonial from Halifax through Truro to Miramichi, and up the Matapedia Valley to the St. Lawrence. The distance from Halifax to Quebec was put at six hundred and thirty-five miles, or twice the distance between St. Andrews and Quebec through the disputed territory, and the cost at \$7000 stg. per mile, or about £4,500,000.

When the Robinson report was submitted to the three colonial legislatures in 1849, each agreed to aid the project, granting £20,000 per annum forever or until the road paid, and also a belt of the ungranted Crown lands ten miles on each side of the railway, provided that the British Government would undertake to build it. Acting on the adverse report of another British engineer, the Colo-

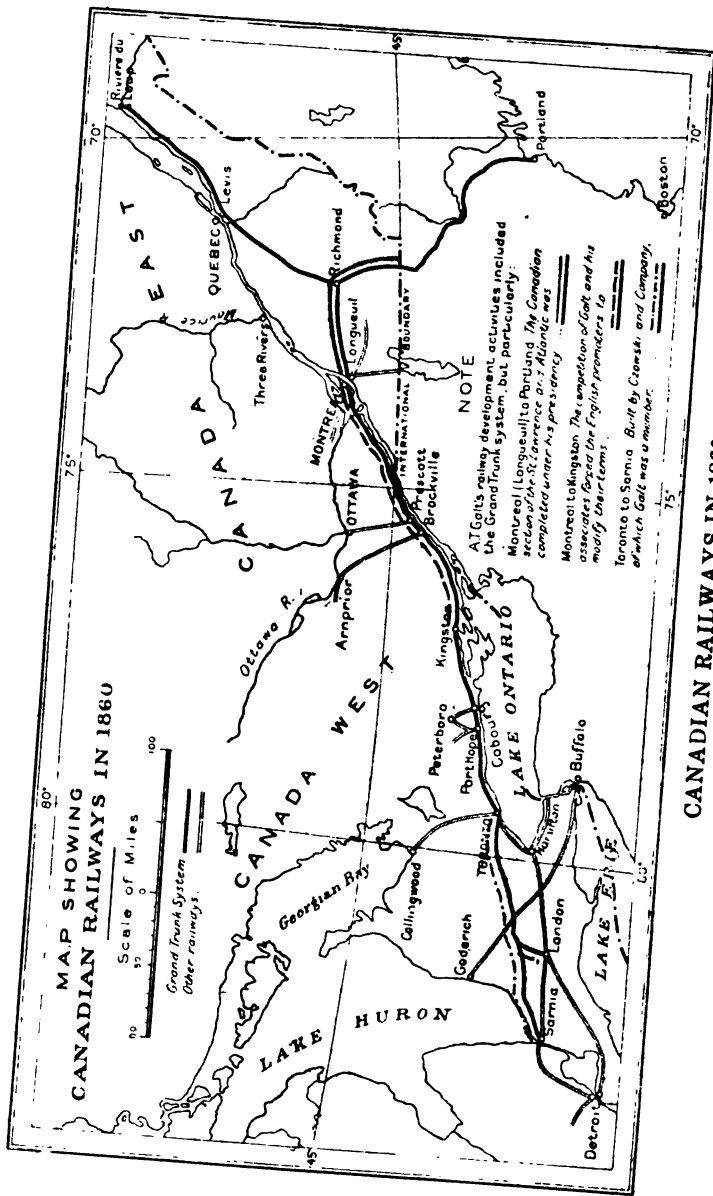
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nial Office declined briefly but emphatically to give aid in any shape or form, and the hopes of the colonists were once more dashed.

In the same month that Earl Grey's despatch killed the northern route project, July, 1850, there came an invitation to the public and business men of the Maritime Provinces to attend a great railway convention at Portland, Maine. It will be recalled that John A. Poor, the originator of the Portland-Montreal railway, had also dreamed of a road from Portland through St. John to Halifax. The "European and North American," it was held, would make Halifax the port for all the passenger and light freight traffic for the continent, bringing New York, via Portland and Halifax, within less than a week's distance of Liverpool. This was not all. It would give as good connection for all commercial purposes, between Montreal and the Maritime Provinces, as the Robinson route: the Robinson route formed the east and north sides of a great square and the Portland route the south and west sides, with the advantage that the west side, or the Portland-Montreal feared, (see letter to Brooks and Hale, p. 138) looked to enlist the interest of Maine and the adjoining provinces in this southern project.

From an oratorical point of view, the convention was a great success. All agreed that the European and North American was a splendid project, and all joined in intertwining flags and pledging toasts on this first occasion that the sons of the Loyalists and the sons of their old opponents had met in common cause. But when it came to a discussion of ways and means enthusiasm halted. Maine had exhausted its resources in building roads to Montreal and Boston, and the provincial capitalists could not raise a tithe of the \$12,000,000 required.

At this juncture Joseph Howe came forward. He had hitherto been too deeply absorbed in political and constitutional warfare to give much time to railway projects,



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but now he took the lead in such a way as vitally to affect the railway fortunes of all the provinces. He proposed that the European and North American should be built by the two provinces concerned. From Great Britain he would not ask a cent of direct aid. "What right have I to take a shilling out of the pocket of a Manchester weaver, or of a poor orangewoman in the Strand, to make our railroads?" He would, however, and did, request a British guarantee of Nova Scotia's loan, which could not cost Britain a farthing, and would save the province £20,000 a year in lower interest. Even this boom was not forthcoming. Earl Grey wrote giving the scheme his blessing, but refused a guarantee.

Nothing daunted, Howe sailed for England in November, 1850, to see if he could do more face to face than at long range. In eloquent speech and exhaustive pamphlet he pressed his cause and the wonderful resources of all the colonies upon the British public. Cabinet crises and lack of interest hampered him in official quarters, but at last a compromise was reached. The British government would guarantee a loan, raised by all three provinces, to construct a road from Halifax to Quebec—not necessarily by the Robinson route, if a shorter and better could be found and approved. "It is also to be understood," the official memorandum continued, "that Her Majesty's government will by no means object to its forming part of the plan which may be determined upon, that it should include a provision for establishing a communication between the projected railway and the railways of the United States."

Howe returned exultant. With the British guarantee, all the money needed, say, seven million sterling, could be borrowed at three and a half or four per cent. He spread the good news fast throughout the provinces. New Brunswick fell in with this proposal, seeing both the lines it wished so easily secured, and at a conference of

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provincial premiers held in Toronto in June, 1851, Canada agreed with equal alacrity. The three provinces would build the road from Halifax to Quebec on joint account; Canada would build the section from Quebec to Montreal by a separate loan, and New Brunswick the road to the Maine border, but all these loans were to be covered by the one imperial guarantee.

Howe's report led to material changes in the railway policy of Canada. The great majority of the residents of that province had little interest in the Halifax-Quebec road, which was to run only through the extreme eastern section. To induce western people to sanction the Halifax project, it was necessary to extend the road to the western border. A railway from Quebec to Richmond had been chartered, to connect with the St. Lawrence and Atlantic and give a feasible if somewhat roundabout route from Quebec to Montreal. From Montreal to Kingston, it has been seen, a road was actively projected and a Kingston-Toronto line had reached the paper stage. A charter had been granted for a Toronto-Hamilton road, and from Hamilton to Windsor the Great Western, now at last under construction by Canadian and American capitalists, backed by the provincial guarantee, provided the westernmost link.

All that it was necessary to do was to unite these scattered projects and make them part of one grandiose scheme of an imperial highway stretching half across the continent, from Halifax to the Detroit river. The seven millions Howe flourished would provide the means, and Hincks, then Inspector-General, and shortly afterwards premier of Canada, provided the driving power. It was computed that Canada's share of the loan would be four million pounds. Adopting the estimate of £5000 to £6000 a mile as the construction cost, Hincks discovered that for this sum it would be possible to build not only the

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Canadian section of the Intercolonial but a complete Main Trunk line along river and lake front to Hamilton, thence connecting with the road to Windsor. Like Howe, he became a convert to government ownership. In the act which he introduced and pushed through at the close of the session of 1851, it was provided that the province itself should undertake to build this Main Trunk Line, out of the imperially-guaranteed loan. Failing this guarantee, the province might still construct it, with the co-operation of municipalities along the route. As a third alternative, the original plan of construction by private companies, with a provincial guarantee of half the cost, might be adopted. Accordingly charters were granted to the Montreal and Kingston and Kingston and Toronto companies, but a suspending clause was put in each act, providing that they were not to go into effect until special proclamation had been made. Construction by private company was only to be permitted if the other two plans failed.

Scarcely had this plan been formed when news from Nova Scotia disturbed its whole foundation. The Colonial Office had suddenly declared that there was no ground for the assumption that the guarantee would cover the loan for the European and North American as well as for the Halifax-Quebec route. There was, indeed, some ambiguity in the arrangement, and Howe may have been carried away by his optimism. Yet it is plain from his despatches from London, written immediately after his interviews with the Colonial Secretary, that he had clearly understood that the Maine line was to be included; the memorandum itself is open to that interpretation, and in repeated despatches to the Colonial Office after his return Howe had unmistakably expressed this understanding. Faced with these considerations, the Colonial Office merely added insult to injury by replying, in Earl Grey's name, that "I can only account for my having failed to

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perceive this by supposing that, owing to the very great length of these papers, I must in reading them have overlooked the particular expressions to which my attention is now directed." Wherever the responsibility lay, the position of the British authorities was now clear; no guarantee would be given for New Brunswick's road toward Maine and Portland. This meant that New Brunswick would not co-operate in the Halifax-Quebec project. The bulk of the population and political influence of that province were centred in the southern counties through which the European and North American was to run. They had been won to support the Quebec road, running through the north and east and making Halifax rather than St. John its terminus, only on the understanding that their own road would be made part of the same grand scheme.

To save the situation, Hincks, now premier of Canada, with John Young and E. P. Taché, members of his cabinet, hastened to Fredericton and Halifax early in 1852. A reluctant compromise was effected. To win over New Brunswick it was agreed that the Quebec road should follow the valley of the St. John, making St. John the first ocean port reached, and then extending east to the boundaries of Nova Scotia and on to Halifax. The section from Nova Scotia to St. John would thus be common to the Quebec and Portland routes, and it would remain for New Brunswick to construct unaided only the half of the latter road extending from St. John to the Maine border. To win Nova Scotia to the amended proposal, which exalted St. John at the expense of Halifax, it was agreed that New Brunswick should assume five-twelfths and Nova Scotia three-twelfths of the cost of the whole Quebec line. To induce the British government to accept the St. John route rather than the Major Robinson line was the only remaining task. It was agreed, therefore, that a joint delegation, consisting of Hincks, Chandler of

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New Brunswick, and Howe, should go to London early in March, 1852, to secure that assent.

Hincks and Chandler sailed as agreed, but Howe, repenting of his bargain and not enamored of Colonial Office methods, postponed and delayed his going, and finally decided not to go at all. The other negotiators, after six weeks' discussion, found that the British government, in spite of the promise to consider favorably any shorter and better line, was reluctant to abandon the Robinson route, preferring it, on military grounds, as farther from the American border. Wearied of delay, and seeing an opportunity to come to terms with a great English firm of contractors who offered to build the road without the imperial guarantee, Hincks asked for a definite reply within a fortnight. The answer was that aid would be given only if the Robinson route was followed, an answer which, in face of New Brunswick's attitude, meant renewed deadlock and an end to all the negotiations based upon an imperial guarantee.

In the act of the Canadian parliament passed in the previous year, definite provision had been made for the course to be adopted in case the imperial guarantee was not forthcoming. First, an effort was to be made to build the road by provincial and municipal co-operation. If this proved impossible, the private companies already chartered were to be aided to construct the remaining links in the same way that the St. Lawrence and Great Western sections had been aided. Yet under the glamor of London promoters Hincks ignored both these provisions and entered into a bargain with an English firm of contractors to build and finance the whole road.

Later in the history of the Grand Trunk, when rosy anticipations had faded into drab realities, and English shareholders mourned millions sunk beyond recall, it became the fashion in England to reproach Canada and

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the Canadian government for all the road's misfortunes and to demand relief from the public treasury. It is important to note, therefore, that the responsibility for the greater part of the troubles which followed lay with the English promoters who took the project out of the hands of the Canadians who stood ready to carry it through.

When Howe was touring England in 1851, calling attention to the great unexploited opportunities of the northern colonies, his speeches aroused the interest of certain English railway contractors, including Messrs. Brassey, Betts, Peto and Jackson. They were the most successful and best known railway contractors of that or any later time. They had built one-third of the railways in England, as well as railways in France and Spain, in Italy and in India, and were looking about for fresh fields to employ their energies and their plant. They decided to endeavor to secure the contract for the great project under consideration.

In 1851, they sent an agent, Charles D. Archibald, to America. He appeared at the conference of provincial premiers in Toronto, and made an offer which was not seriously considered because of some doubt as to his credentials. Later, he issued glowing circulars, picturing the limitless possibilities of the Grand Trunk line from Halifax to Detroit, over which in time "the countless millions of the Indian Archipelago, China and Hindostan" were, somehow, to travel. All that the capitalists he represented desired was "the entire contracts of all the contemplated lines, without competition." Later, a direct offer was made to the three provinces to construct both the northern and southern roads for an annual subsidy of from £90,000 to £100,000 for twenty years, together with from three to five million acres of crown lands. Hincks, Chandler, and Howe united in stating that the offer could not be entertained for a moment. Archibald continued his agitation, particularly in the Maritime

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Provinces, and abler men took the Canadian chief in hand. Thanks to their persistence, before the year was out, the contractors succeeded in making terms with each and all of the three provinces.

When Hincks and Chandler, in the summer of 1852, found or surmised that the British authorities would not sanction the only plan on which the three provinces could agree, they were more ready to listen to the urging of contractors who claimed to be able to finance as well as to construct the road. William Jackson, afterwards Sir William, and a prominent member of the British House of Commons, undertook to put before them the plans of his partners. Both fell in at once with his proposals. New Brunswick, and later, in spite of Howe's opposition, Nova Scotia, made contracts with the Brassey firm for the roads they most desired, only to find eventually that the contractors had not the boundless resources of which they had boasted, and to have the roads, after much delay and little achievement, thrown back upon the governments to complete with their own resources. But the further fortunes of the Maritime projects are not germane to the present topic. It remains to consider the fateful bargain made with Canada's representative, Francis Hincks.

Late in May, 1852, Jackson and Hincks agreed that a company should be organized to build the section of the Grand Trunk line between Montreal and Hamilton. The contractors were to take one-tenth of the whole capital required in stock; individuals or municipalities in Canada were to take a tenth, and the company's bonds were to be floated to the extent of three-tenths of the whole. The remaining half was to be provided by the sale of bonds guaranteed by the province, which would exchange its own debentures for those of the company. The contractors were to survey the road at once and submit an estimate of the cost.

Galt was in London at the time, on St. Lawrence and

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Atlantic business, and Hincks at once endeavored to allay his natural opposition to this calm attempt to ignore all that had been done in Canada and override the rights of the Canadian promoters. Hincks contended that "no Canada company could be established that would be able to finance the road," and that the incidental advantages of the bargain he had just made were so great that "even if we pay a little too much it will be to our interest to do so." He hoped, therefore, that Galt would see his way to co-operate. But Galt declined the cool request, and protested against this sudden and unwarranted shift of policy.

From London the scene changed to Quebec, when the provincial parliament assembled in August, 1852. Hincks and Jackson, who accompanied him to Canada, seem to have concluded that the simplest method to pursue was to obtain control of the existing charters. Accordingly, on August 7th, a royal proclamation was issued, bringing into force the suspended Montreal and Kingston and Kingston and Toronto companies. Stock books for the former company were opened shortly afterwards, but a week later, on August 23rd, when Jackson was preparing to subscribe a controlling share of the stock, the Canadian promoters forestalled him by subscribing every farthing of the £600,000 capital authorized, in the following proportions:—

J. Torrance	Montreal,	20 shares,	£500
William Molson	Montreal,	20 shares,	500
John Rose	Montreal,	20 shares,	500
H. N. Jones	Montreal,	20 shares,	500
G. E. Jacques	Montreal,	20 shares,	500
William MacDougall	Montreal,	20 shares,	500
Thomas Galt per attorney A. T. Galt, Toronto,	20 shares,		500
A. T. Galt	Sherbrooke,	7,940 shares,	£198,500
L. H. Holton	Montreal,	7,960 shares,	199,000
D. L. Macpherson	Montreal,	7,960 shares,	199,000

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By a preliminary agreement each of the main subscribers bound himself not to transfer any of the stock without the express written authority of the other two. Directors were at once appointed, an engineering department organized, a ten per cent call paid in, and the government called upon to sanction the location of the roads.

This stroke compelled a change of tactics upon Hincks' and Jackson's part. A bill was introduced to charter a new company, the Grand Trunk Railway of Canada, to run from Montreal to Toronto—the Great Western having meanwhile acquired the charter for the Toronto-Hamilton link, thus making it necessary to accept Toronto rather than Hamilton as the western terminus. The capital authorized amounted to £16,000, currency, a mile. Holton as President and Galt as Vice-President of the Montreal and Kingston, protested against this attempt to override them and a battle royal began before the Railway Committee.

Hincks used all his influence to push the Jackson contract through, and Jackson himself displayed all the powers of a railroad lobbyist in a degree rare even in America. He talked of millions as the awed provincials talked of thousands, and claimed that he and his fellow-contractors possessed a power of "open sesame" in the London money markets. So great were their resources that the provincial guarantee was merely a form; in the act as finally passed a solemn clause was actually inserted permitting them to renounce this aid—for why should they consent to pay six per cent on the provincial debentures exchanged for the company's bonds, when London was overflowing with money unable to find investment at three per cent? Such arguments dazzled the legislators, but the promoters were not content with merely dazzling the eyes; they made assurance doubly sure by filling their pockets where it was advisable. A well-known contractor of the day, who had come from Pennsylvania

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a few years earlier to take a contract on the Welland Canal, and had stayed to become the first boss in Canadian politics, lent his influence for an interest in the contract, which he soon wisely commuted for a cash sum of £12,000 sterling.

For public consumption other arguments were stressed. No Canadian company could hope to secure in Canada a tithe of the capital needed, and could not borrow in London on terms half as favorable as could the English promoters—especially if the latter blocked their efforts. The subscription of the Montreal and Kingston stock, by Holton, Galt and Macpherson, was denounced as a sham and its legality questioned on account of their preliminary agreement. The fact that New Brunswick and Nova Scotia were making contracts with the same English firm, and that they had also secured contracts for the Quebec and Richmond, made it desirable to give them the control of the western sections as well. Uniformity of management and a standard of construction far above that usual on American roads, permitting a saving of fifteen or twenty per cent in operation, would thus be secured.

On the other hand, Holton and Galt vigorously asserted that there was no occasion to bring in these London wizards. Of the five sections into which the Grand Trunk line from Quebec to Windsor might be divided, two, the St. Lawrence and Atlantic and the Great Western, were under construction, a contract had been made for a third, the Quebec and Richmond, and they themselves stood ready to complete the Montreal and Kingston section. The Kingston-Toronto link would doubtless also be begun shortly. So far as the Montreal and Kingston road was concerned, they anticipated no insuperable difficulty in financing its construction. True, they did not intend to retain all the stock they had subscribed, but would keep it until a fair bargain had been assured. Between the pro-

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vincial guarantee, subscriptions by every municipality but one along the line, and especially substantial aid by Montreal, and partial payment of the contractors in stock, they had no doubt they could secure the funds required. They believed, further, that they could build the road for a third or more less than the English contractors. Already three tenders had been submitted from responsible contractors, one of them the contractor for the Ogdensburg road. They were prepared to receive a tender from Jackson and his partners, and, if it was lowest, to award them the contract. What more could fairly or honestly be asked? The interest of the province was certainly identical with the interest of the company in getting the work done at the least possible cost, and this could not be attained by a "sham company formed merely to homologate a foregone bargain with outside contractors."

"The railway policy of the country was settled," Holton and Galt declared before the Committee,² "and important sections of the Grand Trunk line in course of construction long before Mr. Jackson was heard of in connection with our railroads. The action of the government in proclaiming the charter was alone wanting to secure a vigorous commencement of the remaining sections. That action had hardly been taken, when it is all at once discovered that nothing can be done without Mr. Jackson, and it is accordingly proposed that our previous legislation be reversed, our established policy abrogated, and existing charters cancelled, in order to meet the views and secure the services of that gentleman. . . . Is the instrumentality of Mr. Jackson and his associates so essential for procuring loans of English capital that they shall be paid from thirty to fifty per cent over the cash value of their work, merely for the facilities they are supposed to possess as money brokers, or is it pretended that a little knot

²Report, Standing Committee on Railroads, 1852, p. 19.

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of railway jobbers hold the key of the great money market of the world?"^a

Both Holton and Galt protested strongly against the assumption that mere colonists could not carry through the undertaking. In words that bear the mark of Holton's impetuosity rather than Galt's tact, they protested against being asked to withdraw in favor of "strangers and foreigners." "We feel strongly on this subject," they continued, "not merely from our direct interest, but because, as colonists, we desire to see the public men of this country promoting provincial enterprise. We desire to see the standard of self-reliance raised. We deny the inferiority of our resources. We assert that a permanent injury is done by repressing every effort to act for ourselves, and we repudiate most solemnly the necessity for calling in foreign aid, to do that which we are amply able to do ourselves." Here was a declaration of financial independence in words which foreshadow the declaration of industrial independence that was made half a dozen years later with the establishment of the Cayley-Galt tariff.

They were careful to discriminate. It was outside control, not outside capital, to which they objected. "It is argued that because the Montreal and Kingston Railway Company do not consider the employment of Mr. Jackson *on his own terms* essential to the construction of our great line of railroads, they are therefore opposed to the intro-

^aOne of the shrewdest of London financiers, Robert McCalmont, later a director of the Grand Trunk, writes to Galt in November, 1852, as follows: "I have been reading in a Canadian paper a speech of Mr. Hincks in parliament, in which he speaks of Brassey, Peto, Jackson and Co. as if they were demigods or conjurers, whereas to all the world except Mr. Hincks, it is notorious that they can only, in the nature of things, be a sort of middleman in their transactions, and that their carrying them through must depend on how they can transfer their load to the public—in short, that if the Stock market loses its elasticity, the construction of the railway is to be laid on the shelf. It is this day announced that Brassey and Company have agreed to take £1,500,000 4% bonds in an Italian railway and every day one hears of them having similar transactions, in which of course they are mere middlemen."

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duction of English capital into the country. Nothing could be more unfounded, more unjust. It is admitted on all hands that it is not only desirable but absolutely necessary that English or foreign capital should be obtained for the construction of all our great public works. The question is mainly one of instrumentalities. . . . There can be no doubt that a great leading thoroughfare, such as our Trunk Line is designed to be, would be managed more in consonance with the wants, the habits and the whole genius of our people, by a local company than by any association of speculators residing abroad, having no interest in the Company beyond the punctual receipt of the largest dividends that can be wrung from it. . . . We can construct a railroad in less time, for about one-half the declared capital, and with a smaller amount of aid than the parties applying for the charter in question. Our enterprise, if it fail, will not be burdened with the complaints of the confiding and ruined shareholders in England. If we succeed we shall still be connected with the work, we shall always stand open to the criticism and rebuke of the public, and our profits will be those derived fairly and honestly from the correct appreciation by us of a vast public work, and by an economical and judicious application of the resources at our command in constructing it."

In these shrewd and prophetic words, Holton and Galt made plain the weakest spot in the Jackson offer. The company applying for the new charter was merely a creature of the contractors. Its shareholders and managers were not yet in existence. From this domination of the company by the contractors many of the most serious difficulties of the construction period were to spring. But that was not all. Apparently Hincks and those who thought with him considered that all troubles would be over when the railroad was built. How it was to be operated did not trouble them. Holton and Galt, with

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shrewder foresight, realized the difficulty of efficient and satisfactory operation of a great Canadian railway by capitalists three thousand miles away, and for fifty years the experience of the Grand Trunk was to prove that they were absolutely right.

In making this and other criticisms they did not assume to be acting solely as disinterested patriots. They fought for their own prestige and pockets, but at the same time they had the interest of Montreal and the whole province at heart. This they proved by making in September an offer to withdraw, seeking nothing for themselves but the repayment of survey costs, on condition that in the agreement with Jackson certain stipulations in the provincial interest should be inserted—limitation of the guarantee and of the total issue of securities, control by the government over future management, and particularly the construction of a railway bridge across the St. Lawrence at Montreal. It seemed likely for a time that this offer would be accepted, but Holton and Galt soon became convinced that Hincks was not playing fair, and withdrew it, continuing their opposition to the new company.

Opposition appeared vain. The government were definitely committed to the Jackson agreement. The Governor-General, Lord Elgin, gave it his blessing. The rank and file of the legislators felt it would be quixotic to refuse the offer of these great capitalists. Some members of parliament stood by Galt and Holton, including George Brown and the member for Kingston, John A. Macdonald,⁴ but Hincks had the majority both in House and in Committee and all seemed over. Jackson sailed for home, assured of a charter and contract not only for the Montreal-Toronto section, but for a part of the Canadian end of the Intercolonial, from Quebec to Trois Pistoles.

⁴ "I am delighted to hear of J. A. McD.'s co-operation. He is a fellow of remarkably sound judgment, and avoids factionousness as much as subservience." John Rose to A. T. Galt, Aug. 26, 1852.

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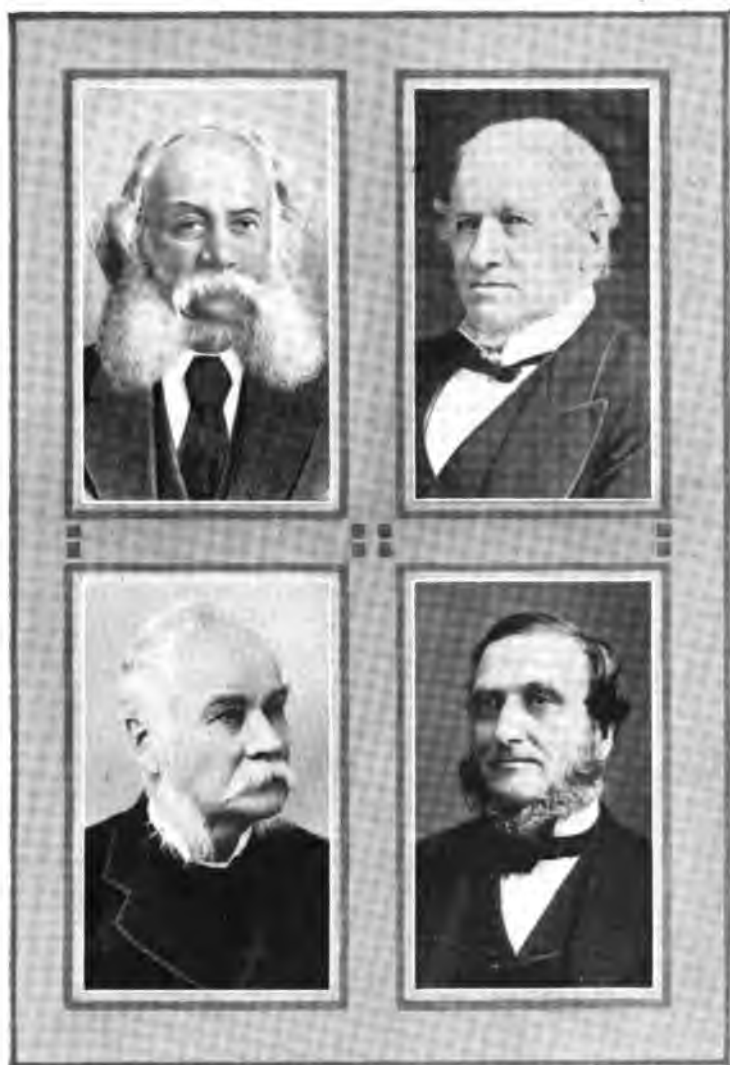
But Galt had still a trump card to play. As president of the St. Lawrence and Atlantic he proposed to that company to amalgamate with the Montreal and Kingston, a proposal which the directors at once accepted. This assured strong Montreal support and gave control of an essential link in the Main Trunk Line. Alarmed at this stroke, Hincks telegraphed to Galt asking him to go down to Quebec again, stating that proceedings in the Bill would be stayed until his arrival. In the discussion which followed, Hincks stated that if opposition were withdrawn to the Grand Trunk—Jackson's road—he would urge that it should amalgamate with the St. Lawrence and Atlantic, and, further, that it should build the bridge across the St. Lawrence to connect both roads, and thus fulfil a project of which Montreal long had dreamed. The proposal meant that Galt and Holton must give up their own personal interest in the road, but the odds were against them in any case. Their opposition had already led Jackson to reduce his demands for aid from a guarantee of bonds equal to half the cost, whatever that might be, to a guarantee of £3,000, currency, a mile. If the new company had such command of millions as was assumed, its co-operation would help the St. Lawrence and Atlantic, which was still in need of funds for the last strokes, and the building of the bridge would certainly be a boon to Montreal. Accordingly all opposition was withdrawn.* The Grand Trunk Railway of Canada was incorporated to build from Montreal to Toronto. It had a capital of £3,000,000 stg., and was given a provincial guarantee of £3,000 currency a mile. At the same time the Grand Trunk Railway of Canada East was incorporated, chartered to build from Point Levis, opposite Quebec, to the New Brunswick border, and was promised a provincial guarantee of £3000 a mile as far as Trois Pistoles, and a subsidy of a million

*The Kingston and Toronto Railroad, which had never passed the paper stage, had early agreed to withdraw in Jackson's favor.

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acres of land for the further extension. The legislature completed its work by an Amalgamation Act, repealing the charters of the Montreal and Kingston and the Kingston and Toronto, and enabling any railway forming part of the main trunk line to unite with any other such company, or, as a later amendment provided, with any company whose line joined or intersected the main trunk line. In token of reconciliation, Holton and Galt were named directors of the Grand Trunk of Canada, but they never took their seats and resigned before the amalgamation was effected. All was ready for the London market.

Meanwhile Galt and his associates had become interested in railways from a different angle. Holton, Macpherson, Gzowski and Galt had now united to form the contracting firm of Gzowski and Company. It was a well-balanced and well-rounded partnership. Galt was the negotiator and diplomat of the combination, Holton took care of the detailed financing, Macpherson supervised the general administration, and Gzowski the actual work of construction. The first important contract which they secured was to build the Toronto and Guelph Railway, which later received power to extend to Sarnia. No provincial aid had been given, but Toronto and other municipalities had subscribed liberally to the stock, and as the road was to run through a rich and promising district, it was believed that its bonds could be floated at no great discount. Construction was begun in the summer of 1852. Galt was empowered by the railway company to go to London and aid its London agent, Alexander Gillespie, and Mr. Franks, the President of the Canada Company, through whose lands the road would run, in placing the bonds. The St. Lawrence and Atlantic and the Maine road, the Atlantic and St. Lawrence, which it was also proposed to amalgamate, put their interests in his hands at the same time. When he sailed for England in December, 1852, accordingly, he had a threefold task to perform.



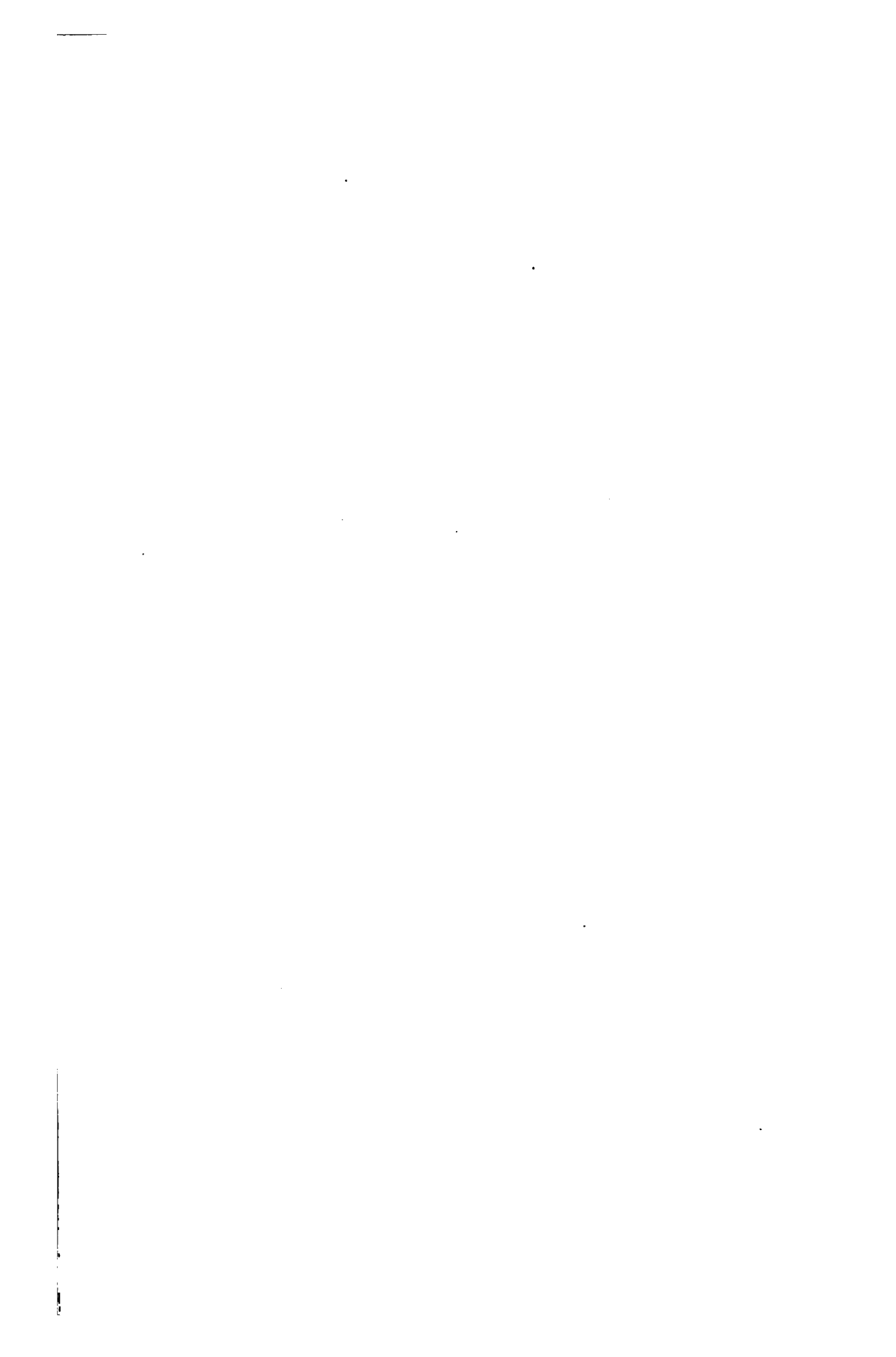
GZOWSKI AND COMPANY

D. L. MACPHERSON

C. S. GZOWSKI

A. T. GALT

L. H. HOLTON



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The negotiations for amalgamation and the settlement of the details of proposed financing occupied nearly four months. The chief parties concerned were: Hon. John Ross, Solicitor-General for Canada, who, at the nomination of the contractors, was to be president of the amalgamated company; Samuel Peto, the financial member of the contracting firm; George Carr Glyn, of Glyn, Mills and Co., and Thomas Baring, of Baring Brothers and Co., who were London financial agents for the province and also bankers for the new company; and A. T. Galt, acting for the Portland and Sarnia roads. Others took a minor part, including Messrs. Rhodes, Forsyth and Pemberton, of Quebec, directors of the Grand Trunk, and A. M. Ross, chief engineer of the new road. Galt soon came to form a much higher and more cordial estimate of the other members of the Brassey firm than the experience in Canada of Jackson's "bluff and bluster" methods had made seem possible, and his intercourse with Messrs. Glyn and Baring led to a lifelong friendship and a valuable financial connection.

Little difficulty was experienced in coming to terms as to the Portland road, since the need of a winter outlet to the sea was clear. It was agreed to offer the shareholders of the St. Lawrence and Atlantic equivalent shares in the new company, and to lease the Maine section in perpetuity at a rental of six per cent upon its cost. As the shares of both roads were at a large discount, this was a very favorable bargain for Galt's clients. A bridge was to be built at Montreal to connect the Toronto and Portland roads. Then Liverpool and London interests connected with the Quebec and Richmond and Grand Trunk East urged their inclusion, which was finally agreed to, upon the same terms as given to the St. Lawrence. Galt protested against this arrangement, as he rightly considered that the traffic possibilities of these eastern sections were poor, and that their inclusion would lessen the value

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of the securities received by the St. Lawrence shareholders. He held out, therefore, for a further payment to them of some £75,000, equal to the interest during the period of construction, and as in all the contracts for new work it was being provided that the shareholders were to receive interest during this period, the other parties to the settlement agreed.

The westernmost extension gave more difficulty. If the plan of a Main Trunk line from end to end of the province, under single management, was to be carried out, it had seemed essential to secure control of the Great Western, running from Toronto to Windsor. Negotiations were carried on with the English and Canadian interests who controlled it, but without success. The Great Western demanded what was considered an excessive price, but a more serious obstacle to amalgamation was the close traffic relations between it and the roads in Michigan and New York which it linked together. It would lose much of its best paying traffic if it attempted to divert it from the United States roads to the new Canadian through line. At this juncture Galt and Gillespie proposed that the Toronto and Sarnia be made the western link rather than the Great Western, and this proposal was agreed to, the Grand Trunk simply taking over the charter and obligations of the road.

Still the project grew. Refusing to take as final the decision of the British Government as to the Intercolonial road, Hon. John Ross sought out the Duke of Newcastle, Colonial Secretary in the Derby administration, and once more opened negotiations for a guarantee of the remaining sections from the Canadian border through to Halifax. This time more favor was shown, and it appeared probable that an agreement would be reached whereby the British Government would not only guarantee a loan for the road from Trois Pistoles to Halifax, but would

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make such arrangements with the Cunard Steamship Company as would induce it to extend its Halifax service.*

Unfortunately once more the cup was dashed from the lips of the provinces by the sea. The war with Russia which loomed up shortly afterwards made the British Government withhold its aid. The Intercolonial section of the Grand Trunk was left suspended at Trois Pistoles (in reality, construction stopped at Rivière du Loup, thirty-five miles farther west), and the British mail subsidy to the Cunard line continued to build up Boston rather than Halifax.

Definite contracts were made for all the unbuilt sections of the road. This was done, according to the directors, in order to remove any apprehension upon the part of the shareholders that the capital first authorized would not suffice to complete the undertaking. Six-sevenths of the work fell to the firm of Peto, Brassey, Betts and Jackson. For the Quebec and Richmond their contract price was £6,500 stg. a mile, for the Trois Pistoles section and a loop line from Belleville to Peterboro, £8,000 and for the Montreal-Toronto section, £9,000. The Victoria Bridge was set at £1,400,000. The Gzowski contract was revised on the same terms and specifications, being put at £8,000 a mile. By a most unusual provision both contracting firms were obliged to pay interest at six per cent upon the cost of construction until completion.

The total capital was fixed at £9,500,000. Of this, £1,416,400 had already been raised for the St. Lawrence and Atlantic and the Quebec and Richmond. £837,600 was reserved for the Canadian shareholders in these roads and for the bondholders of the Ontario, Simcoe and Huron (later the Northern), who might wish to share in the

* "The Duke is pushing the railroad matter to Halifax for us, and I hope it will be brought to a conclusion before the end of the month. . . . Baring agrees with us that we must give the free carriage of troops over the whole line, if necessary, to get them down to Halifax." Hon. John Ross to A. T. Galt, May 18th, 1853.

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opportunity. The remaining capital was to be provided, half in shares, one quarter in company debentures and one quarter in debentures convertible into provincial six per cent bonds. The guarantee, or more strictly speaking, the loan, thus made by the province amounted all told to £1,811,500.

Eight or ten days before the prospectus was issued—April 12th, 1853—the banking firms involved insisted upon a provision which, while meant for the best, proved a source of serious trouble for the company in the future. They began to doubt whether it would be possible to float the whole seven millions sterling called for, and urged that only half should be issued at once, the remainder to be issued a year later, with a further provision that if called upon, the English contractors were to take it up. To this requirement Sir Morton Peto strongly objected, but finally agreed.

The prospectus was then drawn up by the chief negotiators. It was a compelling document. The English directors were the best names in London—Thomas Baring, George Carr Glyn, Henry Blake, Robert McCalmont, Kirkman Hodgson and Alderman Thompson. The Canadian directors were Hon. John Ross, Hon. Francis Hincks, Hon. E. P. Taché, Hon. James Morris, Hon. Malcolm Cameron, and Hon. R. E. Caron, all members of the provincial cabinet; Hon. Peter McGill, President of the Bank of Montreal, Benjamin Holmes, Vice-President of the St. Lawrence and Atlantic, George Crawford, of Brockville, W. N. Ponton, of Belleville, W. Rhodes of Quebec, and E. F. Whittlemore of Toronto. The new road, it was pointed out, would be 1,112 miles in length, thus constituting the most comprehensive system of railway in the world. "The Grand Trunk Railway of Canada, it will be therefore seen, commencing at the debouchure of the three largest lakes in the world, pours the accumulating traffic in one unbroken line throughout the entire length of Canada into

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the St. Lawrence at Montreal and Quebec, on which it rests at the north, while on the south it reaches the magnificent harbours of Portland and St. John on the open ocean." Special stress was laid on the completeness of the railway and its freedom from competition; the definite limitation of the cost by having the contracts signed in advance, removing all fear of the capital being insufficient; the high standing of the English contractors, and the large government guarantee. In the light of later events, the most interesting and most controverted section was the estimate of net revenue.⁷ It need only be said here that in 1860-1861, when the railway was opened throughout, the gross traffic amounted to only £714,956, and the surplus over working expenses was only £103,469. The low estimate of working expenses, forty per cent, as against the actual sixty-five or seventy with which we are now familiar, was based upon the expectation that the standard of construction would be so much higher than that customary in America that all records of low operating costs would be distanced. This optimistic estimate was framed by the Chief Engineer, A. M. Ross, who had spent a year in Canada on behalf of the English contractors, gathering data.

Three days after the issue of the prospectus, Galt wrote to Benjamin Holmes, Vice-President of the St. Lawrence and Atlantic, as follows:

"The reception of the scheme by the public has been marked by the most perfect success. The shares are already at a large

⁷Summary of Probable Revenues.

Revenue on 1112 miles, at an average of		
above £25 per week	£1,479,660	
Deduct working expenses, 40%	591,864	
		<hr/> £887,796
Interest on Debenture debt £4,635,200.....£	278,100	
Rental of Atlantic and St. Lawrence.....	60,000	
		<hr/> 338,100
		<hr/> £549,696

Thus showing a profit on the share capital, £4,864,000,
of nearly eleven and a half per cent.

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premium and a perfect rush exists to get them. . . . I am gratified to state that I have been met in the most honorable and open manner by Hon. John Ross, as representing the Government; and also by Messrs. Jackson, Peto, Brassey and Betts, to whose influential position and admirable arrangement it is only due to say, that the successful introduction of this scheme is in my judgment mainly attributable. The delays, difficulties and anxieties attendant on my present mission have, as you may suppose, been a source of infinite solicitude to me, but I trust the great advantages flowing from the completion of the work will now soon enable me to forget them."

Once the negotiations were completed and the new company so successfully launched, Galt hastened to return to Canada, where the details of the arrangement made were awaited with keen interest. The provisional agreements entered into were laid before the directors of the various companies he had represented, and were speedily approved. His efforts on their behalf were recognized by glowing resolutions and by cheques written in a more restrained mood. With these transactions Galt's official connection with the Grand Trunk and all its works, except as a member of the contracting firm of Gzowski and Co., came to an end for some years, though he was constantly called upon by President Ross for counsel in the many difficulties which soon beset the company.

These difficulties were at the outset due to the sudden clouding of the international horizon. Western Europe had seemed about to enter a period of prolonged peace; only the year before, the navy of the German Bund had been sold by public auction, and the International Exhibition of 1851 at London had been the occasion for many prophecies of a new era in foreign relations. But Eastern Europe was not yet ready for peace. The Turk still held the Balkans in uneasy grip; from Montenegro to the Black Sea a reviving sense of nationalism was stirring revolt, and Russia and Austria were openly or secretly plotting to share in the spoils. Napoleon III, the newly crowned Emperor of France, was eager for foreign con-

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quest to consolidate his power at home, and English fears of Russian domination at Constantinople led them to join that pseudo-warlord in the unavailing attempt to prolong Turkish barbarism and misrule.

Before the year was out the Crimean War was begun, and early in the summer the market had felt the coming storm. Money rose from two or three to six or eight per cent, and was not easy to get even on these terms. The Grand Trunk found it extremely difficult to secure the balance of the capital required for the vast undertaking. The shares set aside for Canadian investors were not taken up, as they fell below par at once. The Portland roads were found to require heavy expenditure to bring them up to the standard set for the rest of the line, and these expenditures still further straitened the company's resources. The English contractors were released in 1855 from their agreement to take up the remainder of the stock and bonds authorized, undertaking only to accept half their future payments in the company's securities, now selling at a discount.

In these circumstances the company turned again and again to the provinces as the readiest source of aid. From 1854 to 1862 scarcely a year passed without some Grand Trunk legislation. The demand for a provincial guarantee of the company's stock, made again and again by directors, shareholders' committees and contractors, was not assented to, but an additional bond guarantee of £900,000 was given in 1855, and by subsequent acts the province first took a position as second mortgagee, in order to permit the issue of preference bonds, and later postponed its lien still further. Its guarantee of bonds became practically a gift, amounting in principal and interest to over \$26,000,000 by Confederation. The amount is still carried on the books of the Dominion as a liability of

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the Grand Trunk, but it has long since ceased to be considered as more than a nominal debt.

The financial straits of the company greatly hampered the contracting activities of Gzowski and Company, and compelled them in 1855 to acquiesce in the suspension of the section of their contract between Stratford and Sarnia. Fortunately the partners possessed in Galt and Holton two financiers of unusual capacity—both later Finance Ministers of Canada—and they succeeded in turning every difficult corner.

Even with the financing secure, the difficulties were not ended. All calculations of cost were disturbed by the boom which developed in the province before work was fairly begun. The Crimean war shut out Russia from the western market and sent wheat up to two dollars a bushel. Reciprocity with the United States opened a vast and growing market. Farm lands doubled in value and town lots shot up still faster. Every phase of the speculative orgy with which Canada again became familiar for a brief period in the eighties and still more markedly in the first dozen years of the twentieth century, now developed. The demand of the contractors themselves, employing as many as fifteen thousand men at one time, sent prices soaring. Wages and supplies and right of way all rose to heights undreamed of in the sleepy provinces of the pre-railway years. Sub-contractor after sub-contractor was threatened with bankruptcy, and a readjustment of the contract price was time and again made necessary.

These unlooked for evils of too much prosperity lessened the profit Gzowski and Company had counted upon, but good management saved the day and brought all the partners a more than modest competency. They were more fortunate than their English fellow-contractors, who lost heavily in money and prestige in their Canadian work and found it necessary to abandon the Maritime contracts

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altogether. Their loss was partly due to being required to take part of their compensation in depreciated securities, but it was due in greater degree to their inability to cope with the peculiar conditions which construction work in America demanded. All their work had been done in countries where wages were low, and labor-saving methods had not been a necessity, as they were to Gzowski and Company and other contractors accustomed to our conditions.²

The financial straits of the Grand Trunk, it had been noted, led late in 1853 to a request that Gzowski and Company should abandon or slacken all construction west of Stratford. It was felt advisable and, in the chastened mood which adversity had brought to both roads, possible, to make terms between the Grand Trunk and the Great Western which would save unnecessary duplication in construction. In the spring of 1854 Galt visited London and with Hincks and the London directors of the two boards tried to bring about an amalgamation. This was found impossible, but as a temporary measure, the Grand Trunk agreed to halt construction beyond Stratford, and the Great Western to abandon its London to Sarnia branch. The contractors were compensated for the loss caused by this postponement. Meanwhile they rushed ahead the eastern section of their contract. The road from Toronto to Stratford was formally opened in November, 1856.

²An interesting light is thrown upon the point by a letter from C. S. Gzowski to A. T. Galt, April 15th, 1854:

"I am much pleased at the frank and friendly feeling shown by Mr. Betts and Mr. Peto. This causes me to regret the more their (I may say) general mismanagement of matters here. Their system may be very perfect, and one that would work well at home, but here it will not do. I am certain they are not realizing by 33⅓% what they should if they would assimilate their management to the mode adopted by us or any other experienced contractors on this continent. They are accumulating a lot of useless plant, all behind the age, and by giving its use as part payment for work—they let in that way—they do not make as much saving in the cost of the work as would pay for transporting the plant from England to Toronto."

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It was two years later before the ten miles further to St. Mary's were completed, and a branch opened from that point to London, to connect with the Great Western.

The section of the Toronto and Sarnia road between Toronto and Stratford, where work was halted, was, in the words of Walter Shanly, then the company engineer of this division, and later general manager of the whole company, "of a more expensive character than any other equal portion of the Canadian lines." The bridge and culvert work was extremely heavy, both because of the number of streams crossed and because of the depth and width of their valleys. The masonry of the viaduct over the Credit river was over one hundred and twenty feet in height, while the Humber, Eramosa and Grand River structures were of almost equally great size. No difficulty or unexpected expense deterred the contractors from doing thoroughly what they had undertaken to do. Complaints were made later of excessive grades, of poor rails, and of inadequate equipment on the Grand Trunk as handed over to the company, but none of these criticisms were directed against the western section.* The contract was carried out with an efficiency and a thoroughness which testified strongly to the executive capacity of Mr. Gzowski and the honorable business standards of all the partners.

The real prosperity and the speculative ferment of the early fifties gave rise to countless further projects of railway building. There were few among the more impor-

*Charles Hutton Gregory, an eminent English engineer engaged by the Grand Trunk Company in 1857 to give an independent report on the construction of the whole line, stated, "The bridges and viaducts [on the Toronto-Stratford section] have been constructed at great cost, with an excellence of workmanship far beyond the requirements of the contract. I have rarely seen a work of finer design or execution than the Credit viaduct. . . I consider that this line is a work of which both engineers and contractors may justly be proud." Appendix Annual Report G.T.R., 1857.

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tant proposals in which one or more members of the Gzowski firm did not have an interest. The Great Western in its early days received such large traffic and earned such good dividends as to attract attention largely to the Western Ontario peninsula. Plans for double tracking the Great Western, plans for building a branch from London to Sarnia or Amherstburgh, plans for a new road paralleling it but running further south, near Lake Erie, plans for extensions through Michigan, were all actively pressed. The rivalry to secure the contracts was keen, and many and rapid were the shifts of alliance made between the various contracting groups. Samuel Zimmermann, the Railway King of Canada, Wythes and Company, the English contractors who had built the Great Western, and Gzowski and Company at one time joined forces and parcelled out among themselves the bulk of the work to be done, but the alliance was not a stable one, and each firm soon went its own straight or devious way, seeking what contracts it could secure by fair means, or by what in the language of the day was termed a "chisel."

When the line to Stratford was nearing completion, the contractors operated it for a few months before it was formally accepted by the company. The experience thus acquired led them to make a proposal which testified to their faith in the road which they had built and had in part promoted. They offered to lease the whole road from Toronto to Sarnia for six per cent on the cost, intending to build extensions to London and Detroit and secure through as well as local traffic. It would have been an interesting and probably a successful experiment, but the English directors had not yet lost hope of success under their own management, and declined the offer.

In 1858 Galt and Holton determined to retire from the contracting field. The financial crisis of 1857 had brought a sudden stop to all new projects, and for other reasons they desired to sever their connection with the Grand

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Trunk, which still had a good deal of work to carry through. They had been growing more and more absorbed in politics. It was understood on all sides that either or both at the next turn of the wheel would probably be called to high office. In any case it would have been impossible or inadvisable for men who wished to do work in the House or Ministry that would count, to remain closely connected with a busy contracting firm. Under the special circumstances which had developed in Canada it was impossible.

For the Grand Trunk itself was in politics. Its repeated requests for provincial aid, the log-rolling by members for the various sections most directly concerned in its further extension, the measure of responsibility assumed by the Hincks ministry and its successors, made its affairs a staple of parliamentary controversy. Charges that Hincks was bribed by English contractors added fuel to the flame kindled by the realization of the burden thrown upon the province by the failure of those contractors to do the impossible in the London money market. George Brown and the *Globe* diligently fanned the flame. In the early days of the Grand Trunk controversy, he had sided with Galt and Holton, but when they joined forces with the Brassey firm he turned all his batteries against them as well. As Chairman of a special legislative committee appointed in 1857 to inquire into "the condition, management and prospects of the Grand Trunk," Brown probed the details of the organization and later operations of the company, and made a special effort to discover some shady transactions involving Galt as well as Hincks. Galt was the chief witness throughout the long inquiry. His straightforward testimony and his able cross-examination of Brown's star witness, Benjamin Holmes, at that time Vice-President of the Grand Trunk, made the real situation clear beyond dispute, and he emerged from the

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ordeal with his honor henceforth unquestioned and his ability more widely recognized than ever.

Yet in such bad odor was the railway in many quarters, and so certain was it to come to parliament again for aid, that both Galt and Holton determined to sever all connection, even as contractors. The firm of Gzowski and Company was accordingly dissolved in 1858, and a division of assets made. The other partners decided to carry on the work under the same firm name, and before railway construction came to a halt in 1860, they built the extension to Sarnia, a branch from St. Mary's to London, and a loop line in Michigan which gave the Grand Trunk access to Detroit. Perhaps the most notable of these later enterprises was the building of the famous International Bridge across the Niagara River. Both Sir Casimir Gzowski and Sir David Macpherson were destined to attain high place in Canadian public life, and with both Galt maintained close personal relations long after the business tie was severed.

Shortly after retiring from all contracting connection with the Grand Trunk, Galt was urged to become a member of the railway's board of directors. He was reluctant to do so, but at the earnest solicitation of Mr. Glyn and of the new Managing Director, Mr. T. E. Blackwell, he agreed, and was elected a director early in 1858. His term of office was short, however, as he resigned a few months later upon taking office as Inspector-General in the Cartier-Macdonald cabinet.

With this step, Galt's active connection with Canadian railways came to a close. It had been a connection of momentous importance for the country. Mistakes had been made, in which he had his share, but the net result was unquestionably such as to justify the high reputation which this decade's activity gave him both in Canada and in Great Britain. The straggling colony had

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been bound together from end to end by nearly two thousand miles of rail, and a good beginning had been made in linking up the provinces by the sea. The new facilities of transport made it possible to take advantage of the wide markets opened up both in America and Europe. In this period Canada's commercial isolation came to an end, and this change involved the extension and elaboration of the primitive financial structure of the forties. The fertilizing stream of London capital was turned into Canadian channels. For good or for ill, Canada was henceforth more than a pioneer settlement. It had definitely become a part of the great world of commerce and finance.

For ill as well as good. There was ground for much heart-searching as to some of the incidents and effects of this transition period. The moral tone of public life had been seriously lowered. The country had been saddled with a heavy debt through the failure of the Grand Trunk and other guaranteed roads to fulfil expectations. London shareholders suffered heavy losses. For these ill results Alexander T. Galt had little responsibility. The province could not for all time remain in the untempted garden of an agricultural Eden, and when temptation came to its public men, nothing but good would have followed had all possessed the high and unyielding standard of personal integrity which Galt maintained in all his countless negotiations. The material loss to the province through its guarantee was small in comparison with the widespread commercial benefits received from the building of the road. And if English money was lost in the building and operation, that only served to prove the foresight of the man who early in 1852 pointed out the need of encouraging local ability and local responsibility, and the difficulty of managing any railway effectively from three thousand miles' distance. That Canadians could build roads well, and could finance them skilfully, he and his associates

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amply proved, and possibly if they had been permitted they could have proved, thirty years before the Canadian Pacific demonstrated it, that they could operate them successfully as well.

CHAPTER V

Canada Under the Union: The Coming of Responsible Government

Galt and the Union Era—The Union of the Canadas—The Meaning of Responsible Government—The Coming of Responsible Government—Galt's Introduction to Politics.

THE period of legislative union between Upper and Lower Canada, 1841-1867, was of deep and lasting importance in the making of modern Canada. It was in this crowded quarter century that the foundations of the Dominion were laid. Institutions were established, policies tested, traditions formed, men trained, all essential for the transformation of the struggling backwoods settlements of yesterday into the nation of to-day.

As has been seen, it was an era of marked industrial and commercial development. Canals and railways were built which bound the province together and united it with the outside world, and at the same time brought about a growth of commercial enterprise and machinery, and an outburst of speculative activity fraught alike with great good and great ill. But this period was equally important in its political phases. It witnessed the winning and the working out of responsible government, with all that this implied of change in colonial status, in constitutional machinery, and in party organization. It was the era of experiment in legislative union, of the half-hearted and less than half-hearted attempt to make the two provinces

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one in interest and feeling, an era of sectional rivalries and political deadlock, which found at last their only solution in the federation of British North America.

Some account has been given of the part which A. T. Galt played in the railway and commercial development of this period, especially in its middle years. His career is of equal significance as a reflex of the political activity of the union era, a guiding thread through the maze of experiment and fleeting change. His first incursion into politics was connected with the last determined stand of the old regime against the demand for self-government. He entered parliament in the session after responsible government was definitely achieved, and save for a brief gap he was in parliament during all the trying years when legislative union was being given its trial and Canadian politicians were learning to work the system of responsible government they had won. For a large part of this time he was in office, and throughout he was intimately concerned with the political developments of the period, its success and its failures, and still more notably, with the remedy finally adopted for the failures.

The very fact that Galt was not a rigid party man makes his career the more significant. He was a man of independent thinking, and yet so open-minded, so keenly alert to the changing needs and movements of the time, that he reflects better than any other statesman of his day the changes in public opinion upon great issues. Where other men were held back by considerations of party fortunes or by lack of interest in broader principles, Galt never hesitated to take up a new issue or change his opinion upon an old one. These were qualities which sometimes militated against immediate success in political life, but they helped to make him the most representative figure of his time and to enable him to foresee and to speed the coming of the new solutions which each decade's problems demanded.

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Galt's first entrance into practical politics, it has been seen, came about through his endeavour, in Metcalfe's regime, to enlist the aid of the provincial government in averting the threatened ruin of the British American Land Company by crushing taxation. He had not been without interest in politics previously; no young man of active mind could be without interest, in the days of the Reform Bill in England and of the struggle in Canada which led to rebellion. Writing to his friend, D. M. Moir, the year before the passing of the Reform Bill, John Galt had declared: "You will be surprised to learn that I take no interest in the Reform question, but the boys are fierce Tories."

Alexander came to Canada just on the eve of the rebellion. His associations and interests in Canada combined with this early bias to throw his sympathies strongly with the "British party," the section which resisted the demands of the popular Assembly because majority rule meant French rule. The Land Company, in fact, had been one of the *bêtes noires* of Papineau and his followers. It was condemned both because sale of Crown lands helped to enable the executive to get along without the vote of the taxes which the Assembly was trying to barter for power, and because it was believed that the Company aimed at swamping the French-Canadians by bringing great numbers of English immigrants to Lower Canada. It was, then, with intense interest that the young clerk followed the double outbreak, the spectacular six months' progress of the great proconsul, Lord Durham, the business administration of Lord Sydenham, and the period of calm that came with the diplomatic Bagot. But it was not until Sir Charles Metcalfe, fresh from ruling India and Jamaica, came to make a last stand against the rising tide of responsible government that Galt saw behind the scenes at all.

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The stage prepared for the politicians of the forties was ampler than of old. Upper and Lower Canada, after a separation of fifty years, were now again yoked in uneasy fellowship. Legislative union was to be given a twenty-five year trial.

The reasons which induced those in authority to bring about the union appeared then to be of overwhelming force. Separation had ended in rebellion, in sullen deadlock, in threatened public bankruptcy. Union would work a speedy cure.

There were strong economic grounds for union, especially on Upper Canada's part. The main source of the revenue of both provinces was the customs duties, which were collected for the most part in Lower Canada, since the St. Lawrence was the chief channel of foreign trade. Upper Canada was allotted the smaller share, one-fourth in 1824, one-third in 1832, though it maintained that its people, more given to using imported goods than the habitants of the lower province, contributed the bulk of these duties. At the same time Upper Canada's need for revenue was greater, especially for the immense task of making the St. Lawrence system navigable and opening a way for its products to the sea. As a result, the province was heavily in debt, its credit was low, and deficits were large and chronic. Union would equalize the revenues and expenditures of the two sections, and would also make possible vigorous and concerted action in developing the resources of the whole.

It was, however, Lower Canada's troubles rather than Upper Canada's, political rather than economic reasons, which weighed most heavily with the framers of union. Union was frankly advocated and effected in order to put the French-Canadians, who had been in an overwhelming majority in the Assembly of Lower Canada, in a distinct minority in the Assembly of the united Province. After the rebellion and suspension of the constitution of Lower

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Canada, the British residents of the Montreal and Eastern Townships districts demanded that the opportunity be seized to make a recurrence of French control for ever impossible. Lord Durham and his suite proved equally opposed to the aspirations of the French-Canadians. Durham believed that they were destined sooner or later to lose their separate nationality, and thought it the part of statesmanship to make it sooner. Placed in a position of hopeless inferiority, isolated in a continent where English speech and English ways must dominate, destitute of all that could invigorate or elevate a people, with no history, no arts, no literature, doomed to absorption—such was the unsympathetic and unseeing picture Durham gave of the half-million French-Canadians of his day. Given this diagnosis, his remedy was clear—“obliterate the nationality of the French-Canadian”; “make Lower Canada an English province.” He believed in self-government for the colony, but he would “trust its government to none but a decidedly English legislature.”

How secure this English control? Plans were many. The shortest and readiest way was that favored by the more extreme members of the minority—suspend parliamentary government altogether, keeping control in the hands of the executive, and, incidentally, of the aforesaid minority. Little serious consideration was given this suggestion. A second scheme, championed by Sir Charles Grey, was to partition Lower Canada into three sections, the districts of Montreal, the Townships, and Quebec. It was contended that only in the latter would the French be in a clear majority, and in this district they had not been as extreme as in other sections. Other proposals looked to addition rather than subtraction. The plan of a united British North America—a legislative, not a federal union—appealed strongly to Durham, but was reluctantly abandoned on account of the difficulty of securing the assent of all the provinces; “time would be

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required and time is not allowed"; Lower Canada's case was pressing. Largely, it seems, on the advice of Wakefield, whose opinion of the French-Canadians was still less favorable and less excusable than that of his master,¹ Durham decided at last in favour of the fourth solution—a simple legislative union of the two provinces.

This solution appealed more strongly to Downing Street than others of Durham's proposals. When Charles Poulett Thomson, afterwards Lord Sydenham, was sent out, virtually as Durham's successor, one of the chief tasks assigned him was to effect such a union. His efforts were heartily supported by the English inhabitants of Lower Canada, and though the French-Canadians were strongly opposed, their hostility counted for little, since the suspension of the constitution had done away with the Legislative Assembly which had been their chief stronghold. Upper Canada was more reluctant, but eventually the Reformers rallied to Sydenham's aid, and in spite of Family Compact opposition, the measure drawn up by Chief Justice Stuart, and energetically pushed by Sydenham, was accepted by Upper Canada and passed by the British parliament, going into effect February 10, 1841. The experiment of swamping the French-Canadian was to be tried. Unfortunately for the hopes of the framers, another experiment was put into force shortly afterward which made it possible for the nationality which was so calmly marked out for obliteration, to turn the tables completely—the experiment of responsible government.

¹"Buller . . . has ever been the advocate of mercy and justice against policy. Not so I, who have had deeply impressed on me the opinion first suggested by you that the Canadians are a miserable race, and that the country must be made English by one means or another." Wakefield to Molesworth, in Mrs. Fawcett, *Life of Molesworth*, p. 201.—"Policy" had not even the poor excuse of success.

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The period from the Rebellion of 1837 to 1850 was a time of intense political unrest and party strife. It was a period of rapid reconstruction of ideas of government and ideas of empire, of slow groping by parliament and people, by governors in Canada and colonial secretaries in Downing Street, toward a reconciliation between the seemingly opposed ideals of democratic liberty and imperial connection. Canada was endeavouring to work out in a decade the system of government which it had taken more than a century to evolve in Great Britain. Robert Baldwin and Lord Durham had uttered the magic words, Responsible Government, as the cure-all for Canadian political ills. It was the task of the forties to find out the meaning of that phrase.

Responsible Government was a term of vague and varied meaning. Men fought over its interpretation for years after they had professed allegiance to it, and its full implications were only revealed by slow experience. As worked out in Canada, responsible government had really a three-fold significance. It meant cabinet government, it meant self-government, and it meant party government.

By cabinet government men understood that system of democratic government first worked out by the political genius of the English people, under which the executive was practically a committee of the legislature, or of the party dominant in the popular house. It stood out in contrast to the system of separation between executive and legislature familiar in the United States,² where the president or state governor held office irrespective of the attitude of Congress or state legislature, and was responsible only to the people for his acts.

²The United States, after the Revolution, simply continued the system of separation between executive and legislature then existing in Great Britain itself; it was prevented by its more rigid written constitution from experiencing the development which took place after the parting in the British Empire.

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What did cabinet government involve? It involved first, that the executive had two heads, instead of one as in the United States. The nominal or ornamental head, King in England, President in France, Governor-General in Canada, was the visible symbol of the continuity of the state through all the changes of ministers and of parties. In his name all acts of state were done; nominally he ruled with the advice of his ministers and the consent of parliaments. The working head, or prime minister—the first servant of the King—was the leader of the dominant party or coalition, and the man held ultimately responsible alike for the legislation and for the administration of his day. He was the chief of the cabinet or executive council, which consisted mainly of heads of departments, all of them members of parliament, all belonging to the same party, standing or falling together, and guiding parliament in its legislative programme and financial measures as well as directing the administration of the laws. The nominal head of the state could not be held to account for any actions of his government, since his ministers assumed the full burden of responsibility. He was not compelled to retain ministers in whom he had not confidence nor to accept advice which he believed unwise, but his only alternative was to find other ministers who agreed with his views and who at the same time could find a majority at their back in parliament, whether in the existing house or in the new house which resulted from dissolution and a general election.

In the days before responsible government was won, the king or governor ruled as well as reigned. His ministers were his servants in fact as well as form, though, like other confidential servants, they might so hedge about their master and colour all his seeing that he ordained only what they desired. In the colonies the governor was the agent of the British authorities, responsible to them

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for the conduct of affairs in his province.^a His executive was a nondescript body, including some but not all of the chief heads of departments, and also some leading citizens who held no administrative post. The members of the executive were usually members of the Legislative Council, the nominated Upper House; they did not hold seats in the Assembly, or elected chamber, nor did they necessarily or often belong to the dominant party or faction of that house. They did not constitute a cabinet or united body, but gave advice singly, as requested, to the Governor, who took it or not as he pleased. The Assembly could pass laws, subject to rejection by the executive, acting through its creature, the Legislative Council, or to veto by Downing Street. It could levy taxes and direct the expenditure of that part of the revenue not controlled by the Crown. It could agitate, investigate, appoint fishing committees, pass fiery resolutions, but it could not control the administration of the laws it passed or of the revenues it levied. In many respects the system was that which survived in Germany until the closing years of the Great War.

Self-government was the second phase of responsible government. It was mainly because cabinet government meant giving control over the affairs of a colony to the people of that colony that it was strongly urged and as strongly denied. Cabinet government might do very well in a free independent state, but how could it be applied to a colony subordinate to the mother country? A governor could not serve two masters. He could not be bound to take both the orders of the imperial cabinet and the advice of a colonial cabinet. If the executive council became responsible to the legislature for its acts, that clearly presupposed that these acts were its acts, that

^a "To His Majesty and to Parliament (of the United Kingdom) the Governor of Upper Canada is at all times most fully responsible for his official acts."—Lord Glenelg, Colonial Secretary, to Sir Francis Bond Head, 1835.

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power went with responsibility. The governor must cease to be responsible to Downing Street for what went on in the colony when the acts of the administration were his in name only. Cabinet government meant government by the colonial cabinet.

It was because the cabinet system was not compatible with colonial subordination, that responsible government was opposed by those who thought subordination the fitting and predestined relationship, and by those who thought it, whether altogether desirable in itself or not, yet the only basis on which the union of the empire could be maintained. This was the ground of the strong and repeated negatives which British authorities had given to every demand from Canada for the adoption of responsible government. "His Majesty's Government," declared a Whig Secretary for the Colonies in 1835, Lord Glenelg, "must oppose a respectful but at the same time a firm declaration that it is inconsistent with a due adherence to the essential distinctions between a metropolitan and a colonial government and is therefore inadmissible." Two years later a Whig prime minister, Lord John Russell, took the same high ground: "It is proposed that the executive council should be made to resemble the ministry in this country. I hold this proposition to be entirely incompatible with the relations between the mother country and the colony. The relations between the mother country and the colony require that His Majesty should be represented not by a person removable by the Assembly, but by a governor sent out by the King, responsible to the King and to the parliament of Great Britain. This was the necessary constitution of a colony, and if you have not these relations existing between the mother country and the colony you will soon have an end to the relations altogether." And Russell's stand, it is interesting to note, was endorsed by a six to one majority in the Commons, only a handful of Radicals and Irish

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In Lower Canada political grouping followed racial, sectional, economic as well as constitutional lines; in Upper Canada denominational rivalry, racial origin, political aims gave rise to rapidly shifting oppositions and alliances. The very winning of responsible government would remove the chief bond that united the members of the Reform and Tory groups. And, further, the union of the two provinces would make it necessary to find common platforms on which men from each section could co-operate. Practically the whole machinery necessary to convert responsible government from a theory into a working fact had to be created.

The ill-advised and ill-conducted Rebellion of 1837 at least succeeded in breaking down British indifference and making clear the need of drastic change. A fortunate choice confided the task of inquiry to a man of far vision and striking force, a Radical and an imperialist, Lord Durham. Durham did not 'invent responsible government', as some later writers have imagined, but his clear analysis and powerful advocacy of the proposal gave an impetus and a rallying cry to the reform forces which proved of the greatest value.

Responsible Government was Durham's chief remedy for Canada's ills. That it meant self-government he saw plainly. "I admit that the system which I propose," he declared, "would in fact place the internal government of the colony in the hands of the colonists themselves." It is true that distinct limits were to be set to the grant of self-government: "the constitution of the form of government; the regulation of foreign relations and of trade with the mother country, the other British colonies, and foreign nations, and the disposal of the public lands" were to remain in the control of the British Government. He believed that the connection with the mother country "would only become more durable and advantageous by

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having more of equality, of freedom, and of local independence," but if not, "if in the hidden decrees of that wisdom by which this world is ruled, it is written that these countries are not forever to remain portions of the Empire, we owe it to our honour to take good care that when they separate from us, they should not be the only countries on the American continent in which the Anglo-Saxon race shall be found unfit to govern itself."

Durham was equally clear that self-government could come only through cabinet government. "The responsibility to the united legislature of all the officers of the government, except the Governor and his Secretary, should be secured by every means known to the British constitution. The Governor, as the representative of the Crown, should be instructed that he must carry on his government by heads of departments, in whom the united legislature should repose confidence." Yet he omits entirely any reference to the party phase of responsible government. That a majority would be found to support the administration he takes for granted: how it would be found, and maintained, is a problem he leaves to his successors.

His successors were soon called upon to face this problem. Neither Lord Sydenham, nor his superiors in Downing Street, were prepared to follow Durham far. They still resisted the demand for full self-government, desiring to retain for the British authorities, through their agent the governor, the decisive voice in the administration of the colony, especially where imperial interests were concerned. Wisely, however, both Russell and Sydenham declined to do what some advocates of responsible government had advised—draw a definite line between what were imperial interests and what were colonial interests—and thus avoided a premature staking out of the debatable margin.

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Cabinet government Sydenham attacked in theory, but advanced in fact. The Executive Council, he insisted, was a council for the governor to consult, but no more.⁶ Yet by choosing his first Council exclusively from members of the two houses, and mainly from the lower house, he established a definite connection between the executive and the Assembly, and gave the members of the Council opportunity to explain and defend their policy in the house, and to organize and influence a party. Before the first session had closed Sydenham was compelled to accept a set of resolutions definitely recognizing that the advisers of the Governor must be "men possessed of the confidence of the representatives of the people."

Party government Sydenham equally advanced, often also against his will. "Parties according to our English sense," he reported early in his survey of the province, "can hardly be said to exist." Thereupon he set out to create a party of which he should be leader. By using all the power of patronage and pressure at his disposal, and showing an utter lack of scruple in electioneering dodges, he was able to report after the election of the first legislature of united Canada, "I have got a large majority of the house ready to support me upon any question that can arise." His aim was, in fact, to make the governor prime minister as well. He was prepared to accept responsible government after a version of his own—to select ministers satisfactory to the majority of the house,

⁶ "I am not a bit afraid of the responsible government cry. I have already done much to put it down in its inadmissible sense; namely, the demand that the council shall be responsible to the assembly, and that the governor shall take their advice and be bound by it. . . . I have told the people plainly that as I cannot get rid of my responsibility to the home government, I will place no responsibility on the council. . . . In fact there is no other theory which has common sense. Either the governor is the sovereign or the minister. If the first, he may have ministers, but he cannot be responsible to the government at home, and all colonial government becomes impossible. He must therefore be the minister, in which case he cannot be under the control of men in the colony." Letter to Lord John Russell, Dec. 12, 1839.

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provided that they should also be satisfactory to himself: a precarious arrangement, possible, in fact, only so long as he had a party, and a dominant party, behind him in the house. Before the session closed, his majority, held together by the businesslike programme of public improvements he had prepared, had crumbled away. Baldwin, head of the determined Upper Canada supporters of responsible government, and LaFontaine, leader of the French-Canadian group, were fusing a strong party together in common opposition to Sydenham's high-handed policy, and preparing to take over the reins themselves. Sydenham had shown the way; his business capacity, his astuteness, his ways of managing men, his readiness to adopt corrupt means, were lessons not thrown away upon apt pupils in the House.

Under Bagot, who succeeded Sydenham late in 1841, still more rapid progress was made, in spite of the reluctance of Downing Street.¹ Bagot's peace-loving temperament and diplomatic training predisposed him to fill the role of constitutional monarch. Prolonged illness and the determination of LaFontaine and Baldwin, carried him further than he had intended. The two Reform leaders, admitted to his Council, gave it cohesion and independence. It was fast on the way to become a true Cabinet when Bagot died in 1843, and Sir Charles Metcalfe arrived as his successor.

Sir Charles Metcalfe was well qualified by ability and experience to take his place in the notable line of governors which included Durham, Sydenham and Elgin. His sincerity, his administrative capacity and his personal

¹Lord Stanley, Colonial Secretary, to Bagot: "The governor acted in concert with the Executive Council, but the ultimate decision rested with himself, and he was recognized not only as having an opinion but as supreme and irresponsible, except to the Home Government, for his acts in his executive capacity." And again: "You will endeavour to avail yourself of the advice and services of the ablest men, without reference to distinctions of local party which upon every occasion you will do your utmost to discourage."

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kindliness and sympathy were unquestioned. Yet in less than a year after his arrival he had become the centre of the fiercest political storm which had yet swept over the colony, the most bitterly attacked governor since Sir Francis Bond Head. The fact was that he was prevented by training and conviction from understanding or admitting the full claim for responsible government. His long experience in India and Jamaica had made it appear inconceivable to him that a popular legislature should be given full control, and the governor be limited to advice or the right to appeal from parliament to people.⁸ His instructions from Lord Stanley, Colonial Secretary in the Tory administration of Peel, confirmed this attitude. He believed that Bagot, and even Sydenham, had gone too far in conceding responsible government, though he maintained illogically that he himself accepted the resolutions of 1841. Had it been possible, he would have preferred to return to the old plan of complete separation between executive and assembly. Since that was not possible he determined to make a stand against the pretensions of the executive, to assert his own prerogative in defence of the British supremacy which he rightly believed, and of the British connection which he wrongly believed, were bound up with the refusal to grant responsible government. Differences with his advisers came to a head in November, 1843, with his assertion of his right to make appointments to office without their consent or even their knowledge,⁹ and sometimes in fact at the suggestion of members of the Opposition. They

⁸ "He was wont," declares his biographer, "writing to his Indian friends, to compare his position to that of an Indian governor who might have to rule through the agency of a Mahomedan ministry and a Mahomedan Parliament."—Kaye, *Life of Metcalfe*, II, p. 371.

⁹ "The sole question," he declared, "is whether the governor shall be solely and completely a tool in the hands of the Council or whether he shall have any exercise of his own judgment in the administration of the government."



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immediately resigned, and for a year the country was given up to turmoil and chaos because of the governor's inability to find suitable men to take their place.

It was at this stage in the struggle that young Galt had his first experience of practical politics. The British American Land Company had found itself in straits which compelled it to seek the aid of the provincial government. Settlers and sales were few, development expenses heavy, and now the company was threatened with heavy local taxation. The district councils established during the suspension of the constitution of Lower Canada had been authorized to levy taxes for local purposes. None had taken advantage of this power except the District Council of Sherbrooke, which had imposed, but had not yet exacted, a tax of a penny an acre on all wild lands, which would amount to £2,500 for the Land Company. It was understood that a new municipal act was about to be introduced. With a view to seeking relief from the existing tax and endeavoring to avert similar ills under the new legislation, the Directors had authorized Galt to proceed to Kingston, the capital of the united province, and see what could be done. His instructions were to induce the government, if possible, to buy back the Company's lands at the bare cost of purchase and subsequent development, to oppose the establishment of municipal authorities at all, or, if this was inevitable, to seek to have their powers of taxation limited or the Company's lands exempted.

Arrived at Kingston, Galt was not long in finding out that the requests of the Company were likely to be given short shrift. Messrs. Moffat and Holmes, local directors of the Company and both members of Parliament for Montreal, the former a member of the old Tory party and the latter a supporter of the LaFontaine-Baldwin

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administration, made it clear that the Company was not in favour with the legislature. The old hostility of the French-Canadians against the Company was reinforced by the rising hostility of both sections of the province to speculative holding of large undeveloped areas. It was in vain that Galt emphasized the differences between the ordinary large holder of wild lands, who had paid little or nothing for them, and done less to develop them, and the Company, which had paid large sums for purchase and development. Morin, the Commissioner of Crown Lands for Lower Canada, told him that no special favour would be shown the Company. Hincks, the Inspector-General, was still more uncompromising in his hostility. A gleam of hope came from Wakefield, formerly Durham's trusted assistant and now a member of the local legislature. He was endeavouring to enlist interest in a scheme projected by Charles Buller, another of Durham's lieutenants, for the purchase by the province of all granted wild land and its settlement by a systematic emigration policy. Even this gleam soon faded; Wakefield reported that the members of a special committee he had had appointed showed no interest in Buller's suggestion. In one quarter only did the young secretary find encouragement. In two interviews in November, the governor expressed sympathy but added that 'under the present order of things my power is greatly limited.'

It was clear that the Company had little influence and less sympathy at the capital. On the advice of Moffatt, Galt did not present the petitions for resale of lands to the province and decided to seek exemption from the existing District tax by further negotiations with the local authority rather than by seeking to induce the provincial government to override it. He concentrated his efforts upon securing modification of the taxing powers to be assigned the local authorities by the new Municipal Act,

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then being drafted by Morin. As a result of repeated interviews, Morin agreed to stipulate that only land benefited by local improvements should be taxed, that value as well as area should be considered in the assessment, and that a limit should be set to the proportion of school taxes assessable on wild lands. With these concessions Galt had perforce to be content.

It was while the young secretary was thus seeking, and in vain, for a glimmer of official favor toward the Company, that an incident occurred which has been recorded by Fennings Taylor, assistant clerk of the Legislative Council. "It was at such a time," the chronicler records, "that the subject of our sketch found himself a visitor at Kingston, probably, and in spite of himself, an idler at the British American Hotel, in the care of a genial landlord, whose heart was as large as his lodgings were small. In such straits different men would act differently. The listless man would probably lounge and dream; the energetic man would move and act; one would sit and think, the other would walk and observe. The writer, who then resided about five miles from Kingston, was informed on his return home one afternoon, that some gentlemen, and one in particular, had that day been walking on the road in front of his house for hours, as if impelled by a vow or constrained by a wager. On inquiring the name of the chief pedestrian, the writer was almost reviled for his ignorance. 'That is Aleck Galt,' said the enthusiast, 'his wager is to walk thirty miles in six hours.' He did it, too, and in a plucky way, for he had, if we remember rightly, several minutes to spare. Thus the bet, which was five pounds, was honestly earned. The fatigue of the walk was, we have little doubt, subsequently forgotten in the glow of the wine, and the chaff and chatter, like nuts and biscuit, gave a relishing flavour to the dessert."

Writing to the Chairman of the Court of Directors in

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London, on November 23, 1843, Galt concluded as follows:

"This morning I met the Inspector-General, Mr. Hincks, and took the opportunity of entering into conversation with him generally. Mr. Hincks immediately commenced a violent denunciation of all wild land owners. He stated they had retarded the development of the province for years, but that now the wild lands would be taxed heavily. He said very significantly that the government would not require Mr. Buller's scheme to revert the lands in their hands, and asked me if I had seen the Assessment Bill, providing forfeiture for non-payment of taxes, adding that he expected most of the wild lands would revert to the government in six years. He said they would have no mercy on the proprietors and intimated very plainly that in addition to taxes for schools and local purposes it might soon be necessary to provide for the interest on the public debt by a direct tax on real property, wild and improved.

I was exceedingly sorry to hear such wild and unjust expressions from one of the most influential members of the present government, the more so because I cannot believe he could have spoken so strongly unless he had been aware that his own opinions were shared by others. Fortunately, however, his influence and measures are principally confined to Canada West, and from what I can learn the Ministry fear if the same steps were extended to Lower Canada the French-Canadians would speedily become dissatisfied with their administration. I much fear, however, that since the feeling of hostility to the proprietors of wild lands has extended from the lower classes to the Executive, the owners of this description of property will be dealt with in a very harsh manner for the future."

It was perhaps not surprising that Hincks, who was later to become a close associate of his young interviewer, was not in the best of temper. The very day of this discussion word had reached the members of the Executive Council that the Governor had filled the cup by appointing to the post of Clerk of the Peace in Dalhousie District, the very man whom a leading member of the Opposition had boasted a few days before, in Baldwin's presence, the governor would be induced to name. Four days later, after futile conferences, the councillors resigned. How

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quickly Galt turned the crisis to account may be seen from his next letter to Robinson, written from Montreal, on December 7:

I had the honour of addressing you last on the 23rd ult., at which time I stated the probable purport of the government measure and also mentioned the particulars of my interviews with the Governor-General. Circumstances have since occurred materially affecting the whole position of affairs.

On the 27th ult. it was suddenly announced that in consequence of disagreement between His Excellency and the Executive Council the latter had resigned. The particulars attending this resignation I need not advert to, as the Court will no doubt see them fully set forth in the public prints. The point at issue appears to be the exercise of the right of patronage which, it is conceded, under "Responsible Government" belongs to the Executive Council.

I very soon ascertained that whatever the real cause of disagreement might be, it was almost certain the business of the session was at an end, and that the Education and Municipal Bills would be postponed to a future Parliament. It also appeared highly probable, as the late Executive commanded a large majority, that the Governor would soon be required to dissolve the House of Assembly. I anxiously considered whether the Company might not turn to advantage the present state of political affairs. I much regretted now that I had not the advantage of the presence of the Commissioner, and equally so that Mr. McGill and Mr. Moffatt were both absent in Montreal, but after giving the subject the best consideration in my power I can only trust that the conclusion I came to and have acted upon may receive the approval of the Court.

When I first met the Directors on my arrival from Canada, I took the earliest opportunity of urging on them as a measure of self-defence, that the Company should endeavour to make use of that local influence which their large property afforded, and at the same time I stated my impression that the best security the Company could possess against injurious treatment either at the hands of the Provincial Legislature or of the Municipal Council was to obtain such an influence in these representative bodies as might render their opposition or support of importance. In these views I understood that the Court coincided. On my arrival in Kingston, I found to my deep regret that the Company were completely disregarded, and though listened to, I had no means of effectually pressing their case on the Government. This treatment, I believed,

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could be easily traced to the circumstances that of the members returned from the Eastern Townships there was not one who would stand forward as the advocate of the Company, and the natural deduction was that their system of management was unpopular, and that harsh measures toward them would be rather acceptable than otherwise to the inhabitants. At the same time, I could not conceal from myself that if the measures affecting the Company were once passed, it would then become impossible by any means to effect their repeal, while from the strength of the Ministry it seemed vain to hope that anything should occur to interfere with their carrying out their views.

The unexpected resignation of the Ministry appeared to me at once to afford a last chance to the Company to improve their position by decidedly assuming an interest in the election, should a dissolution occur, and endeavour to secure the return of several Eastern Townships representatives favorable to the Company and to a certain extent subject to their influence. Meantime it might be advantageous, while matters were in such an unsettled state, to endeavour to place the Company in a more favourable situation with one or other party, by tendering its support. It appeared, by an analysis of the House, that in the event of any election the members from the Eastern Townships would most probably decide the majority. . . .

It then became necessary to decide in what manner and to whom I should address myself for the purpose of asserting the Company's influence and pledging its exercise. The Executive Council were to all practical purposes the governors of the country, and moreover had the support of a large majority, which, it was very possible, a new election might not materially affect, but then, they were to a considerable extent personally hostile to the Company, and were further pledged to the country in certain measures against the Company's interests. Besides, I felt it very difficult to deal with men who were already receiving from the representatives of the Eastern Townships that support which it was my business to tender. On the other hand, the Governor-General found himself placed in a position of great difficulty, his ministry leaving him at a most important part of the session, and certain that the House of Assembly would support them in any course they chose to adopt. Still, it could not be doubted that the Home Government would support their representative, and if an appeal were made to the people, it might not at all improbably result in the Governor triumphing over his opponents. It therefore seemed to me that as His Excellency was more in want of support, and further, that, as the accession of

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the Townships members would at once strengthen him and weaken his adversaries, it was with the Governor-General that I could most advantageously treat. . . .

Having come to this conclusion, two days after the resignation of the Executive, I addressed a note to His Excellency of which a copy is enclosed, requesting an audience on the subject. I personally waited on the private secretary with the note, and was happy to find that he entered into the subject with eagerness, and assured me that His Excellency was much gratified with the proffer made; he appointed the next day for my interview. On the 2nd inst., therefore, I waited on the Governor-General, who stated that he was much pleased to receive so early an assurance of the support of the Company, that although it was not at present his intention to dissolve the House, he might ultimately be obliged to take that course, and that in such a case it would be of the last importance that the Government should receive the support of the members from the English section of Lower Canada. After a lengthy conversation concerning the position of the Company and the means they had of acting efficiently, His Excellency concluded by distinctly asking what I supposed the Company would expect at his hands in return for their aid. I had previously thought that this question might be put, and I therefore advisedly replied, that I could not venture to make anything like terms with His Excellency, that the fact was, his late advisers were pursuing a course highly prejudicial to the Company and that could that corporation assist in strengthening his government, I felt assured that they would receive at least justice, and that until they had shown their ability as well as their disposition to serve, I could not say more. His Excellency then replied emphatically in these words: "*You may rest assured . . . those who support me, I will support.*"

Subsequently to my visit to the Governor-General, I had several interviews with Mr. Draper, the probable future Attorney-General-West, and with Mr. De Blaquiére, who is one of His Excellency's advisers in the present crisis. The latter gentleman candidly admitted the great importance of carrying out what I had undertaken, and added, that he need scarce say that with three or four votes in the Company's interests, they need be under no uneasiness as to the measures of the government toward them.

I trust that what I have now stated will induce the Court to approve of the steps which, unadvised, I have assumed the heavy responsibility of taking. I believed that to let matters take their course, as has been hitherto done, would result in the speedy ruin of the Company under the burden of taxation, and I therefore con-

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sidered that were I to let the present opportunity slip, I should have but ill fulfilled the confidence with which the Court have treated me. . . . If our efforts fail, I do not see that the Company's circumstances would be altered for the worse, for it would evidently be impossible for any party, however strong, to pass a measure through both houses affecting the Company directly, and my last letter showed that the party lately in power were disposed to pass as severe general measures relative to Wild Lands as they could carry.

Another reason why I was anxious at once to offer the Company's support to the Governor, arose from my belief that the people would be themselves disposed to reject their representatives, and, believing this, I conceived that I should be able to take advantage of this feeling and claim credit to the Company.

It is, however, now for the Court to decide whether they will sanction what has already been done, and thus render other steps necessary. For although I have assured the Governor of the best exertions of the Company on his behalf, still I do not propose, until I receive instructions from the Court, openly to show any anxiety on the part of the Company in the approaching elections. I shall, however, personally use every exertion in my power, and I shall hope in this to receive the assistance of Mr. Fraser.

I arrived here to-day, and immediately waited on Mr. McGill, and fully acquainted him with the steps I have taken, which he authorized me to say, are fully approved by him. My only anxiety is that the Court will coincide in his opinion."

Evidently the young Secretary took to politics like a duck to water. When a politician of two or three months' training could act and write like this, there did not seem much ground for the fears of those sceptical persons who doubted the competency of Colonials, adopted or native-born, to manage the parliamentary machine.

There were few in England, in politics or out, in that day, who did not approve of any course tending to uphold British authority over the colonies. The Governor at once replied, commending Galt's course, though through a miscarriage of the mails he did not receive the letter before he had sailed for England in February to present the report of his work as Secretary.

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G. R. Robinson to A. T. G., London, 3rd January, 1844

Dear Sir:

We have duly received your despatches of 7th and 8th ulto., but the short period elapsing before the sailing of the present packet does not allow of our calling a Court together to consider its contents.

We, however, do not hesitate to express our entire approbation of the course you have taken.

It has always been our conviction that the interests of the British American Land Company were identified with British influence in the colony, and that the prosperity of the Company would greatly strengthen that influence, and tend to the preservation of the connexion of Canada with the Mother Country, and the course so properly taken by His Excellency the Governor deserves the gratitude and support of all persons friendly to British interests.

Should an appeal to the constituencies be made by His Excellency, we are anxious that every proper influence should be used by the Company, and every exertion made by those connected with it, to secure the return of candidates who will maintain the measures of Sir Charles Metcalfe.

We send a copy of this letter to Mr. Fraser, who, we doubt not, will do everything in his power to give effect to our wishes, and should you consider that this important object will be promoted by your prolonging your stay in Canada for another month, you have our authority for so doing.

We are, Dear Sir,

Respectfully yours,

G. R. ROBINSON, Governor.

JAS. J. CUMMINS, Dep. Governor.

In the course of his stay in England, Galt had ample opportunity to discuss the political situation with the Directors. On his return to Canada, he found that the ministers whom the Governor had secured, the Draper-Viger administration, were anxious to obtain the Company's influence without committing themselves to the repurchase or other schemes. Meanwhile, Galt had succeeded in inducing the Municipal Council of the District to refrain from attempting to collect the Wild Lands tax. Other measures of vital importance to the Company and to the whole Eastern Townships had latterly come to the

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front, notably the proposal to build a railway from Montreal to Boston, through the Townships. He was, therefore, in no mood to pledge an unqualified thick and thin support to the new administration. Late in September, 1844, he wrote a letter to the Ministerial candidates for Sherbrooke Town and Sherbrooke County, Messrs. Brooks and Hale, in which he declared: "The grounds upon which I have invariably based my expectations of succeeding with the railway project have been, that the peculiar position of political affairs in the Colony was such as to render it absolutely necessary that the Eastern Townships should decide at the next election on such a representation as would, while prepared to support the views of the Governor-General, yet regard themselves as unpledged to the support of any particular class of men whom His Excellency might select to carry out those principles, and who would be prepared to regard the conduct of those ministers favorably or otherwise according to the consideration they might evince for the notorious wants of this section of Canada. . . . I had every confidence in the personal sympathy of the Governor-General, but I did not and do not expect that without strong political reasons he would be able to make good to us those friendly intentions if in so doing he placed his councillors in a difficult position. . . . My fear is that the position in which Mr. Hale stands, as connected with what has been termed the 'Family Compact,' is such as will induce the French-Canadian members to view his election as a determination on the part of this section to revert to a system of exclusion and of irresponsible administration. He will be considered a thick and thin supporter of the Governor."

This formal request brought an immediate joint pledge from both candidates that "so intimately connected did they consider the railway to be with the prosperity of the Eastern Townships that they should look upon the

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refusal of efficient assistance by the Executive as a denial of that just share of the notice of government to which the Townships were entitled, and that they should, except upon important constitutional questions, hesitate to afford their support to any administration which would not enter into their desires on that head."

The elections were held in November, and resulted in the return of a majority pledged to support the Governor. The Eastern Townships sent a solid delegation of six to his aid. The personal exertions of the Governor, the stirring of racial bitterness, the uncertainty as to the fine points of constitutional lore involved in the controversy, and the feeling among many that British connection was at stake, all contributed to this result. Whether or not the Land Company could claim the credit in its district, at all events it had little to complain of in the legislation of the next few years.

Metcalfe had triumphed, but his victory only served to demonstrate the impossibility of permanent conduct of the government of Canada except on the lines his opponents had urged. By his very assaults upon the opposing party he gave it coherence and definiteness. The parliamentary majority behind his ministers began to break up. It became clear that no ministry could long hold office which was not chosen from below, rather than imposed from above. In the country a strong reaction had set in; every election could not be made a flag-waving election, and in any event the flag was ceasing to have its old force in some quarters. Soon Sir Charles, the third Governor to whom Canada had proved fatal in five years, went home to England to be crowned with honors by an approving ministry, and to carry them to a speedy grave, regretted by friend and foe. The brief governorship of General Cathcart merely marked time. In 1847 Lord

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Elgin, son-in-law of Durham, and heir to his policy, came to take up the task. From the outset he showed his determination to accept the will of the majority, and to trust to influence rather than to compulsion to recommend his opinions to his ministers. At the election of 1848, the Reformers swept both Upper and Lower Canada, and the second Baldwin-LaFontaine ministry, the Ministry of All-the-Talents, came to power. Draper, himself, Metcalfe's chief supporter, on laying down the reins of office, expressed his conviction that henceforth Responsible Government was inevitable. The long contest was over.

"The day when Lord Elgin, after long hesitation," declared a Canadian public man of wide familiarity with Canadian history, "summoned Louis Hippolyte LaFontaine to ask him if he could form a cabinet which would have the confidence of Parliament; the day when LaFontaine accepted the charge as Premier and took his oath, stipulating that Robert Baldwin, his lifelong friend, should be his colleague; the 11th of March, 1848, was without doubt . . . the blessed day of the birth of free government for our country, the true birth of our nation."¹⁰ It is not possible to maintain that any one day brought the complete fulfilment of the aspirations for which 'Responsible Government' had long been the watchword. Even yet, two generations later, the process is not complete. Yet if far from being the final goal, that day was a notable milestone on the way toward it, the beginning of a new political era. Responsible Government had been in large measure irretrievably won. It remained to see what would be its fruits, how it would work in the hands of the public men of Canada.

¹⁰Hon. F. D. Monk—LaFontaine Memorial Address, 1908, cited in Boyd, *Life of George Etienne Cartier*, p. 90.

CHAPTER VI

The Aftermath of Responsible Government

Galt's First Election to Parliament—The Loyalist Revolt—The Passing of Racial Ascendency—The Passing of the Old Colonial System—The Annexation Movement of 1849.

GALT'S brief glimpse behind the political scenes at Kingston in 1843 fired him with an ambition to play a part himself when the time came. Then and there he made up his mind that he would some day become the Inspector-General, or Finance Minister, of Canada. The determination showed a discriminating knowledge of his own powers; fifteen years later it was fulfilled to the letter. His frequent journeys to Montreal, which had become the capital in 1844, on land and railway business, brought him into close and frequent contact with members of the legislature and of the administration, and confirmed his belief that he could hold his own in their company. His successful management of the Land Company and his active interest in the Portland railway had brought him wide reputation. He had already become recognized as the outstanding representative man of the Eastern Townships. When, therefore, Samuel Brooks, the member for Sherbrooke County, died, it was to Galt that all looked as his successor.

His position on this occasion can best be stated in the words of a letter to the Governor of the Land Company, Alexander Gillespie, in April, 1849:—

In my last communication I had the honor to advise the Court of the sudden and lamented death of Samuel Brooks, the late re-

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representative of Sherbrooke County in our provincial parliament, and I now beg to state the events which have placed my name before the public as his probable successor.

Immediately after Mr. Brooks' funeral, the subject of his successor was discussed amongst the leading men of the County, and I was informed that the desire was becoming general that I should accept the nomination. This was intimated to me on the 29th ult., and, on the 30th, I received Mr. Exham's letter of March 9 wherein he states that "the Court thought it better that the Company and its officers should avoid being mixed up with any political agitations." The receipt of this letter reminded me of the doubts previously expressed by the Court as to its being desirable that their Commissioner should have a seat in the lower House. After full consideration I came to the conclusion that as the Directors might deem it incompatible with my other duties I ought to decline the proffered nomination.

On the afternoon of the same day a large meeting was held, to whom I briefly explained the reasons why I could not serve them, and handed in to the Chairman for publication my written refusal, of which I enclose a copy. I then retired from the meeting and considered the matter closed, but the gentlemen present appeared to have so much difficulty in selecting any other person, that after a protracted discussion I was sent for and was informed that in the present circumstances of the Townships and especially of the Railroad, they were unanimously of the opinion that I was likely to be more useful than any other person available. They desired that I should withdraw my refusal and consent to allow them to return me (if the county acquiesced), subject to the sanction of the Directors of the Company. I at length withdrew my refusal, and agreed to leave the matter in their hands, expressly stating, however, that if elected, I held myself at liberty to resign if required to do so by the Directors. I left Sherbrooke next morning so that no one might hereafter say that I had sought for, or exercised any improper influence to obtain, my election.

Being distrustful of my own judgment in a matter where my personal feelings were more or less interested, immediately on my arrival in town, I waited upon Mr. McGill and Mr. Moffatt, and begged their candid advice of what the Company's interests dictated. Both these gentlemen concurred in the opinion that my presence in the House would promote the Company's interest, and authorized me to state this opinion to you.

I need not remind the Court that the principle upon which the government of this province is now conducted has placed all

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power in the hands of the leaders of the House of Assembly, and that in fact no appeal exists to any other adequate tribunal. The British government would, I am sure, decline interfering to protect the Company in the event of any local measure pressing with undue severity upon them. To the Executive government of the day, therefore, the Company must be prepared to address their remonstrances and petitions.

The influence of public bodies as well as of men in this province is now very much regulated by their political power. This truth has been experienced by me in every representation I have had occasion to make to the government. I could point to the long protracted applications relative to the Railroad, when the answer made to my most urgent entreaties was, Why do not your representatives take the matter up if it is so important? I could point to the Acton Road and to many other proposals with which the Court is familiar, where our efforts have been paralyzed by the mere suspicion that the Company would be benefited. I am far from desiring to arrogate to myself any peculiar claims, but I have felt for the last four years that the representatives of the Eastern Townships were jealous of my exertions on behalf of the country and offered a cold support that chilled all my efforts and effectually barred success with the government. . . .

I will frankly admit to the Court that if instructed to confine myself to the sale of lands and collection of debts, I cannot adequately give value for my salary, and that it is only by striving to remove the weighty evils that press on the country that the Company itself can prosper. No one can question that so long as the Townships languish and their best inhabitants seek elsewhere for prosperity, no system of management and no exertions confined to the Company's own business can restore success to their operations. On the other hand, diffused as their lands are, if the Townships do but thrive, no interest will so soon reap benefit as that of the Company. I consider the interests of the Company and of the country to be identical. . . .

I ought perhaps to add that I am not the least likely to become a political partisan; my views are all for objects of material advantage.

The Court gave a reluctant consent to their Commissioner's request, declining, however, to commit themselves for more than the term of the existing parliament. Before this word arrived, the election day had passed and

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A. T. Galt had been returned as member for Sherbrooke County without opposition. Not entirely without question, however. It is significant of the shifting and uncertainty of party lines at this time that a week after he had consented to stand, the Chairman of the election committee found it necessary to write him at Montreal to find out on which side of the House he would sit if elected. The Chairman, Mr. J. G. Robinson, wrote:

After the frequent interviews which some of us have had with you on the subject of the coming election, and after the expression of your opinions at the meeting at Cheyney's on the 30th ult., it may appear like a want of confidence in you for us to make any further inquiries as to your political views. But since you left for Montreal, circumstances have arisen which seem to render it proper that we should be placed in a position to say beyond the possibility of contradiction what your course will be if returned to parliament for this county.

As individuals, we have the utmost confidence that you will not disappoint the expectations of your Conservative friends, founded on your previous political conduct and the free and candid expressions given on the occasions alluded to. We are, however, constrained to say that your political opponents understand your political position very differently from what we do. Some of them do not hesitate to say that you pledged yourself to go with the ministry.

The political course which we have hitherto taken, the character which this county has maintained and the position which it holds in the Townships and in the Province, as well as our private feelings, forbid that we should be a party to the election of any candidate who would take his seat on the ministerial side of the House. We have no wish to bind our representative to oppose the ministry for the sake of opposition, on the contrary, we would have every measure calculated to promote the general welfare supported come from what quarter it might.

In a private letter Mr. Robinson threw some further light on the situation:

The difficulty lies mainly as to the place, let me say bench, you are to occupy. Some may say it makes little difference whether you sit on the ministerial or on the opposition benches, if you vote

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right, yet, as a county is counted by the side its member occupies, it is a matter of considerable importance after all.

Some individuals, who go so far as even to uphold the payment of *all* rebellion losses, have claimed that you were a thorough-going ministry man. I may also mention that I have heard many who signed your requisition say: If the support of the ministry to our railroad is to be purchased by Mr. Galt's joining their ranks so far as to sit on their side, and be counted a ministry man, let the railroad go to blazes.

The reply was soon forthcoming:

Your esteemed favour of to-day with resolution of the Committee asking whether I have pledged myself to support the ministerial party, has, I confess, occasioned me much surprise, after my frank and public declaration that I was not disposed to pledge myself to support the extreme views of either political party in the House. I have not the least hesitation in replying that I have given no such pledge, nor have I ever, to the best of my belief, given any ground for such supposition. At the same time I am bound to say that I will support a good measure let it come from either side of the House.

I trust that this explanation will prove satisfactory to the Committee.

Whether entirely satisfactory or not, the explanation had to suffice. The new member took his seat on the Opposition benches, and voted against the government on the Rebellion Losses Bill. Two days later a Tory mob stoned the Governor-General and burned the Parliament buildings to demonstrate its superior loyalty, and six months later the same ultra-loyalist element, reinforced by Radical stragglers, issued a Manifesto calling for the annexation of Canada to the United States.

The riots in Montreal and the annexation movement which followed were not the outcome of deep conviction, or of any permanent hostility toward the Mother Country. They were merely incidents in the painful readjustment of Canada, and especially Lower Canada, to the rapidly changing commercial and political situation at home and in

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Great Britain. They were the aftermath of the granting of responsible government, a last protest against the change in the constitution of the country and in its relations to the Mother Country. The leaders of the movement resented both the political and the economic phases of the new colonial policy. They resented Britain's acquiescence in the demand for self-government, in her abandonment of political control over the colony, especially when that abandonment meant the loss of the outside power which had hitherto made it possible for the minority in the province to have its way against the majority. They resented also the abandonment of the trade preference, which was an incident of the old colonial system. The Empire had been interpreted to mean racial supremacy and trade profit; and now that both were threatened, the Empire appeared to such interpreters to have no longer any excuse for existence.

The firstfruits of responsible government had been the firm establishment in office of a cabinet and a party of which the French-Canadian members under LaFontaine were an important if not the dominating element. It was gall and wormwood to many of the English-speaking minority in Canada East to see themselves consigned to the cold shades of opposition, and to see men, some of whom only ten years before had been active sympathizers with rebellion, now ruling in the Queen's name. But worse was to follow. The Rebellion Losses Bill, it was considered, added insult to injury, by actually making the province reward rebels.

The question of redressing the damages done during the rebellion disturbances had been a thorny one. Before the Union, the legislature of Upper Canada and the Special Council of Lower Canada had provided for compensation to loyalists whose property had been injured by the rebels. This, however, did not cover the whole field. There were

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many instances of damage done by the loyalist forces, sometimes with excuse, sometimes without. In the first session of the Union parliament, a further act was passed, applying only to Canada West, providing compensation for damage done by persons acting or assuming to act on behalf of the Crown. To deal with Canada East, commissioners were appointed in 1845 to inquire further into losses, with instructions to discriminate between those who had aided the rebellion and those who had not. In drawing this line the commissioners were further instructed by the Draper government, in 1846, to be guided only by the sentences passed in courts of law. The Commissioners duly reported, but no action on this matter was taken until the change of Government. Early in 1849 LaFontaine introduced a bill providing £100,000 for payment of losses, excluding from its benefits only those convicted of treason. The ministry took the ground that the commissioners to be appointed could not inquire into sympathies or opinions and that now that over ten years had passed it would be difficult to get evidence even as to overt acts in cases which had not already been before the courts. The Opposition denounced the measure furiously, contending that only a small fraction of the actual rebels or rebel sympathizers had been convicted, and that the bill would mean the reward of all the rest.

Hostility to the Bill was natural, and from the standpoint of men seriously convinced that their idea of loyalty was the only possible one, justifiable. Unfortunately, hostility was not confined to constitutional means. Young hotheads of the infuriated minority, aided by the usual street-mob, rotten-egged the Governor when he came down to the House to sign the Bill, and burned the building where parliament was in session.

The anger felt against the ministry and the French-Canadians was partly deflected against the British government. The minority felt like an advanced guard in a

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hostile country, deserted by the main forces. They feared the ascendancy of the Catholic east, as later Ulster feared the ascendancy of the Catholic south, with the added bitterness which came from difference of speech. And as the men of Ulster in 1914 were prepared to fight Britain rather than accept her Irish policy, so the men of Montreal in 1849 were prepared to separate rather than accept Britain's concessions to the majority. To the south stretched a vast English-speaking and Protestant people; if the older branch of the race would not give protection, or a share in dominance, perhaps the younger branch could. As Lord Durham had foreseen might be possible, "to remain English they decided to cease being British."

But the racial issue was not the only source of dissatisfaction. Still more important, especially as affecting the Montreal merchants who were the backbone of the movement, was the economic motive. Great Britain had not only conceded self-government by the local majority, whatever might be its racial composition or its sentiments, but she had made great breaches in the commercial side of the old colonial system.

Under this system, which took its rise about the middle of the seventeenth century, the 'end' of empire was trade profit, the 'means' was the political subordination of the colonies to prevent interference with this profit, and the 'debit entry' against the profit was the cost of the diplomacy, the armaments and the wars required to occupy the overseas possessions and to hold them against all comers.

The view that trade profit was the end and object of empire dominated all the colonizing countries for centuries after the discovery of the New World. The colonies were thought chiefly useful as a source of cheap raw materials, foodstuffs and naval stores, a market for manufactured goods, and an outlet for shipping. Lord Sheffield, in de-

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claring in 1798, that "the only use of American colonies or West Indian Islands is the monopoly of their consumption and the carriage of their produce," was only stating what was the almost universal opinion of merchants and politicians ever since the seventeenth century. In the preamble of the Act of 1663, which prohibited the importation into the colonies of any European products except through England, the motive of the policy of which this act was one phase, was declared to be "the maintaining a greater correspondence and kindness between the subjects at home and those in the plantations; keeping the colonies in a firmer dependence on the mother country; making them yet more beneficial to it, in the further employment and increase of English shipping and the vent of English manufactures and commodities; rendering the navigation to and from them safe and cheap; and making this kingdom a staple, not only of the commodities of the plantations but also of the commodities of other countries and places for their supply; it being the usage of other nations to keep their plantation trade exclusively to themselves."

Now, after two centuries' experience, faith in this end was disappearing. A tendency to a more liberal commercial policy, interrupted by the Napoleonic wars, had been revived under Huskisson and other enlightened Tories, and had been given impetus by the growing power of the manufacturers, eager for cheap raw materials and foodstuffs, and by the logic of Cobden and the passion of Bright. Peel, though a protectionist by training and by party ties, moved slowly and stumblingly, but surely in the direction of freer trade. After making in 1842 sweeping reductions in duties on manufactured goods, he at last attacked the very citadel of protection, the cherished policy of the hitherto dominant landed class, by providing in 1846 for the abolition of the Corn Laws, to take effect gradually during the next three years. Another dozen

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years were required to complete the process of entire removal of protection from the British fiscal system.

With the end thus abandoned, there appeared the less need for clinging to the means. One chief reason of the willingness of British statesmen to concede, late in the forties, the self-government they had hitherto refused, was the fact that it was no longer considered profitable or necessary to retain a monopoly of colonial trade, and therefore not worth a quarrel to seek to keep the political control hitherto required for this purpose. In the next quarter century, as will be seen in later chapters, a still further deduction was drawn from the disappearance of trade monopoly. If the credit entry had vanished, or had proved illusory, why retain the debit entry, the burden of imperial defence? But this was still in the future. In the late forties it was from the colonies, and especially from Lower Canada, that the complaints came.

The old colonial system, in its commercial phases, had not been without its advantages to the colonies. True, they were barred from direct dealing with the countries of Europe, but even without this compulsion they would have found their best market and their best customer in Great Britain. Some compensation, too, was given for the restrictions thus imposed by a preference in the British market on certain colonial products, notably timber and wheat—a preference confined to the British North American colonies. The Australian colonies received no share whatever in the preferential favors, though incidentally they were attracting nearly twice as many British settlers as the former colonies. The phase of the system which was felt most burdensome was the barring of foreign ships from colonial ports, which kept rates high and put Canadian ports and transportation routes at a disadvantage compared with the United States. More serious still, if not so directly felt, was the effect of the

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system in discouraging enterprise and self-reliance. The colonists were taught to look beyond themselves for salvation, and habits and traditions of dependence were formed which it took decades to live down.

The phase of the system which was of most interest to Montreal was the preference on wheat and flour imported from British North America. Before 1843 this preference had taken the form of permission to import British North America wheat into Great Britain at a fixed duty of five shillings a quarter, even when the price was below sixty-seven shillings a quarter; foreign wheat was entirely prohibited till this price level was reached. In that year, however, the famous Canada Act was passed, reducing the duty on wheat imported from Canada to one shilling a quarter, the Canadian legislature having previously agreed to impose a duty of three shillings on United States wheat; flour was given a corresponding preference. The value of this preference was estimated at six shillings a quarter—eighteen cents a bushel. The object of this change was to encourage not so much the farmers as the merchants, millers and forwarders of Canada; it was expected that great quantities of United States wheat would pass down the St. Lawrence, to be shipped direct or in the form of flour, and that this route would engross both the inward and the outward trade of the western states. It should have been apparent that this measure was a step toward free trade, though it had the incidental effect of increasing the Canadian preference; it was offered by the British government as a sop to the cheap food agitators, a back-door opening for United States wheat. But the people of Canada could not believe that protection was doomed. Montreal especially prepared to reap the full benefit from the new Act. The canal system was rushed to completion, new forwarding companies were formed, large flour mills were built to tap the seaward flow, and for a short time prosperity gleamed.

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Then came the announcement in 1846 that all the artificial basis of this prosperity was to be swept away, and the boom collapsed. Lord Elgin summed up conditions in 1849 in a famous despatch: "Property in most of the Canadian towns, and more especially in the capital, has fallen fifty per cent in value within the last three years. Three-fourths of the commercial men are bankrupt, owing to free trade; a large proportion of the exportable produce of Canada is obliged to seek a market in the United States. It pays a duty of twenty per cent on the frontier. How long can such a state of things be expected to endure?"

"Destroy this principle of protection," Lord Stanley had warned the government in 1846, "and you destroy the whole basis upon which your colonial system rests." The Canadian Assembly in the same year, in the days of the Draper-Viger ministry, protesting against the change, drew the same deduction, and calmly informed Her Majesty that if Canada were to lose her preferential advantages, it became a question whether it would be worth while for the province to remain a part of the British Empire. This had been considered only a part of the usual bluff, a regular card to play in the imperial game where loyalty was supposed to have a direct market value. The men of Montreal soon showed it was more.

In October, 1849, a manifesto was issued, strongly worded, forcefully argued, impressively signed, urging peaceful separation from the mother country and annexation to the United States. All the other political possibilities were reviewed and one by one declared of no avail. The only remedy lay in securing an entrance to the markets of the United States, and an infusion of the energy and the capital of that more favored land. The signatures read like a blue-book of the men of wealth and weight in English-speaking Montreal. A future prime minister of Canada, J. J. C. Abbott, three future cabinet ministers,

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John Rose, D. L. Macpherson, and Luther H. Holton, leaders in commerce like the Redpaths, Molsons, Torrances, Workmans, were only the more notable of the signers. A few French-Canadian *Rouges*, with A. A. Dorion at their head, joined in because of their republican sympathies. The newspapers reflected the force of opinion. The *Herald* and *Courier* came out strong for annexation, the *Pilot* and *Transcript*, the Reform organs, as strongly opposed; the *Gazette* compromised on independence, while the *Witness* characteristically saw in the movement 'the hand of divine Providence.' In Canada West a few Reformers of republican sympathies echoed the movement, but Baldwin set his face strongly against it, and the *Globe*, now, under Brown, the leading newspaper of the province, backed him so effectively that little headway was made.

Galt had been opposed to the Rebellion Losses Bill, but he felt no bitterness on the racial or political issue. The economic advantages of union with the United States appealed to him strongly, familiar as he was with the much greater prosperity of the states adjoining the province.¹ Like most of his strongly protectionist contemporaries, he could not at the time see any permanent basis for imperial unity now that the tariff tie was gone or going.² Further,

¹ "My prejudices were altogether against the annexation movement," he writes to Alexander Gillespie, Governor of the Land Company, in October, 1849, "but my very situation here has probably given me as good an opportunity of judging of the effect of the measure as any one in the province possesses, and I am thoroughly convinced it is the only cure for our manifold ills. . . . All the plans for ameliorating our condition now before the country are based upon reciprocity with the United States, and are therefore only adopting one of the advantages which would flow from annexation."

² "If Lord Stanley were to get into office," he writes again, early in 1850, "some attempt might be made to restore Protection, but I fear it would be a failure and in Canada it would do us more harm than good to have a *partial* revival of the old system. Could Great Britain retrace her steps and establish a proper colonial system, this country might remain a flourishing dependency for years, but it is, I fancy, quite absurd even to dream of such a thing. The hour has passed for erecting a great Colonial Empire and now we poor provincials must struggle upward as we best may."

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he had come to have the closest personal and business relations with the Montreal men prominent in the agitation. When, therefore, he was requested by a petition from over a thousand of the inhabitants of the County of Sherbrooke to give his views on the pressing question, he came out strongly for annexation.

After reviewing the political discontent and economic misery of the province, he declared that the colonial status was admitted by English statesmen to be one of tutelage only, from which they would gladly release the people of Canada, when the latter so desired. "It will be a far nobler cause for pride in Great Britain," he declared, "to have educated such a vast nation in the proper enjoyment of freedom, than to possess forever the nominal control of the whole continent as discontented and suffering colonies. . . . To make Canada great, there must be opened to her inhabitants those elements of emulation and pride which will call forth all their energies; the dissensions of her citizens must be terminated by abolishing distinctions of race; they must be made to feel that they are part of one great country, and that its destinies are entrusted to their guidance. Knowing as we do the Constitution of Great Britain, it is not a question of choice whether we shall be incorporated with Great Britain or with the United States, but, shall we remain a dependency of the former or become an integral part of the latter country?

. . . Although no longer dependent upon Great Britain, we shall feel that we have served her well in ensuring that harmony between the two countries which is now constantly in peril from conflicting interests."

The reply of Galt made it clear that so far as the political aspects of the movement were concerned, it had its root in the inability of men on both sides to see any means of reconciling the claims of self-respecting nationhood with imperial connection. Imperial leaders had taught that British connection was impossible without colonial

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subordination, and that that connection was chiefly valuable for the pounds, shillings and pence results. Now they reaped where they had sowed; no subordination, no empire; no profit, no empire.

Shortly after issuing this statement, Galt decided to retire from politics for the present. The Directors had criticised, in a friendly way, his attitude upon the question, and the decision of the Government to punish Montreal by moving the seat of the capital to Quebec and Toronto alternately had made it impossible for him to spare the time parliamentary duties would require. Upon his resignation, a contest upon annexation lines took place in the County, resulting in the return of the Annexationist candidate, Sanborn, by a narrow majority.

But already the movement was dying out. Lord Elgin set his face strongly against it, and was backed up by the Colonial Secretary, Lord Grey, though the Premier, Lord John Russell, expressed his opinion that separation was only a matter of time. Canada West was almost a unit against it; French Canada, save for a few anti-clerical Rouges, was equally hostile, and the Government took a strong lead. Montreal found itself in a small minority, and then healing time and reviving trade gradually weaned it from the agitation. Finally, Elgin secured reciprocity and reciprocity killed all desire in Canada for annexation. Galt and all the other men prominent in the movement became within a very few years strong opponents of the policy they once had advocated. Another stage in Canada's tortuous political development was passed.

Other interests more important than politics had now entered Galt's life. In his intercourse with Montreal merchants, he had become particularly intimate with the family of John Torrance of St. Antoine Hall, then and for many years later prominent in business and shipping circles. In 1848 he was so fortunate as to win the hand of

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his daughter, Elliott, but their happiness was cut short by her death shortly after the birth of a son, Elliott Torrance, in May, 1850. Late in the following year, Galt married his wife's younger sister, Amy Gordon, with whom he was to pass a lifetime of true and close companionship. Through all the vicissitudes of politics and business, and however outer affairs pressed him, his thoughts were never far from his family, and in a home life which was as nearly perfect as falls to human lot, he found and gave abiding strength and comfort.

CHAPTER VII

Parties and the Union

Sectional Strife and Party Instability—The Break-up of the Liberal Party—Clear Grits and Rouges—The Hincks-Morin Ministry—The Achievements and the Fall of the Great Ministry—Galt, the Rouges, and the Ministry—John A. Macdonald and the Liberal-Conservatives.

WHEN the LaFontaine-Baldwin ministry took office in 1848, the political task of the forties may be said to have been completed. The union of the two Canadas had been effected, and the battle for responsible government had been fought and won. It remained for the years that followed, the fifties and early sixties, to put these achievements to the test of practice. It remained to be seen whether the union of the province would be a real or a paper union, and whether the conditions existed in Canada necessary for the adequate working of responsible government.

It cannot be said that any great measure of success was attained in these later tasks. Legislative union ended in sectional antagonism and parliamentary deadlock. The failure in working responsible government was more partial. The close connection between executive and legislature, which was one phase of the system, became an established, though not unquestioned, feature of the constitution. Self-government, again, was still more definitely established and still more successful; in the later part of the period important extensions of the principle were

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made, and the consequent relations between the colonies and the mother country were widely debated. As to the third phase of responsible government, however, for a smoothly working of responsible government, a stable party system and effective party majorities were essential. They were not secured. In the twenty-six years that the union experiment lasted (1841-1867), some eighteen shifting ministries held power, or at least held office. In the last ten years of this period the life of the average administration lasted barely a year. This instability of parties and consequently of ministries stands out in clear contrast with the condition familiar in Canada since Confederation; in the first twenty-four years of federation only three ministries held office and in the first fifty years only nine are counted.

This failure to secure party strength and stability, and the failure to make the union of the two provinces real and smooth-working, were closely connected. The nature of the union made it necessary to attempt to build up parties that would be strong in each section of the province, and at the same time made it difficult to succeed in this aim. Party instability, party rivalries, the failure to build up a united party strong in both sections, made it difficult to work the machinery of union. Thus matters went from bad to worse until Confederation supplied the broader base required for party stability and the more flexible bond required for harmony between the various sections.

The chief object of those responsible for uniting the Canadas had been to end the deadlock which had long existed between the French-Canadian majority in Lower Canada, dominant in the Assembly, and the English-speaking minority, entrenched in the Legislative and Executive Councils, and buttressed by the authority of Downing Street. Union was to give the control definitely to the

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English-speaking element, without robbing the French-Canadians of any part of their existing rights or representation. By the addition of English-speaking Upper Canada to the English minority in Lower Canada, the French-Canadians would first be outvoted, and eventually assimilated. They would gradually take on the color of the Empire, of the Continent, become English in ways and speech. For the individual there would be full political liberty and increased economic opportunity, but French-Canadian nationality was to be obliterated.

It did not require many years' actual experience of union to make it plain how illusory were these expectations. The French-Canadian minority remained united and distinct, and became steadily more powerful. The head of the first administration after responsible government was fully established was a French-Canadian. Even before this time, the requirement of the Union Act that legislative proceedings should be printed in English only, had been repealed by the British Government upon the unanimous request of the Assembly. Ex-rebels sat in parliament, and the losses of rebel sympathizers were paid by the province. And for the rest of the union period, so far were the French-Canadians from being extinguished, that the chief issue in the politics of the province became the cry that the French were dominating Upper as well as Lower Canada—or, to use the more correct but less familiar terms, Canada West as well as Canada East.¹ The Union did not end the racial struggle; it modified it in Lower Canada, but at the same time introduced it into Upper Canada. The Clear Grits took up the mantle of the 'British Party' of Lower Canada.

How, then, did it come about that the forecast made by Lord Durham and his advisers was so far astray? In the

¹ 1791-1841....Upper Canada....Lower Canada.
1841-1867....Canada West.....Canada East.
1867-.....Ontario.....Quebec.

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first place, they erred because of their strong racial prejudice, which blinded them to the possibilities and aspirations of men of different nationality,²—the strength and vitality, for good or ill, of the nationalist sentiment which in this same century remade the map of Europe. Nor did they realize how often a minority, provided only that it remains united and determined, can hold its own by securing the balance of power between contending factions among the majority. In the present case the French-Canadians were likely to remain more coherent than their English-speaking fellow citizens. A minority, in any case, is likely to be more group-conscious than a majority but in this case there were special causes making for unity. The French-Canadians were settled in a compact territory, united by a common tongue, by common social customs and by a common church, the organization of which afforded a rallying-point and shelter for nationalist aspirations. The English-speaking inhabitants, on the contrary, were of many religions, or at least denominations—and that in days when denominational differences were living realities—of different racial origins, and of different antecedents—some lately immigrant from overseas, some from the United States, and others native-born.

Further, Lord Durham might have urged that his prescription had not failed, because in part, at least, it had not been tried. With remarkable precision he outlined the results which would follow if the attempt were made to give the English-speaking element "a greater share of the

² "I have little doubt that the French when once placed by the legitimate course of events and the working of natural causes, in a minority, would abandon their vain hopes of nationality. . . . The hopelessness of success would gradually subdue the existing anomalies and incline the French-Canadian population to acquiesce in their new state of political existence." Lord Durham's Report, Methuen edition, p. 227. An English minority is presumed to be built on a different plan: "If we now leave them (the English in Lower Canada) in a minority, they will never abandon the assurance of being a majority hereafter, and never cease to continue the present contest with all the fierceness with which it now rages."

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representation than was due, by allotting Upper Canada, in spite of its smaller population, an equal number of members in the united parliament."³ But Sydenham and his advisers, both in Canada and in Britain, thought it essential to secure a decided English majority from the outset, and accordingly the Act of Union provided that each section of the province should have the same number of representatives,—forty-two. The expedient served its purpose, for the time, but it planted the seeds of future trouble. Not only was Upper Canada to chafe bitterly against it when, as Durham foresaw, its population had grown by immigration to be much greater than that of Lower Canada, but it recognized and preserved the very disunion, the very separateness, that the Act as a whole sought to end. The recognition that the two sections were still distinct entities so far as representation went, served as starting point for the double premiership, the double cabinet, the double majority principle, and all the other expedients of the union period.

This persistent sectional division was ultimately the cause of the failure to form a strong two-party system. Parliament was cut, not only horizontally into two parties, but vertically into two sections, so that there were eventually at least four distinct groups. But before this effect of the inclusion in a legislative union of an alien federal

³ "I am averse to every plan that has been proposed for giving an equal number of members to the two Provinces, in order to attain the temporary end of outnumbering the French, because I think the same object will be obtained without any violation of the principles of representation and without any such appearance of injustice in the scheme as would set public opinion, both in England and America, against it; and because, when emigration shall have increased the English population in the Upper Province the adoption of such a principle would operate to defeat the very purpose it is intended to serve. It appears to me that any such electoral arrangement founded on the present provincial divisions, would tend to defeat the purposes of union and perpetuate the idea of disunion." Report, p. 239.

Durham estimated the population of Upper Canada at 400,000; the English inhabitants of Lower Canada at 150,000; the French at 450,000.

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element had become clear, other forces were at work breaking up such parties as did exist.

When A. T. Galt entered parliament in 1849, it seemed probable that the Liberals were assured of a long lease of power. They had able leaders, bound together by close ties of personal friendship. There are no nobler figures in our history than those of Louis Hippolyte LaFontaine and Robert Baldwin, and their lieutenants included such notable men as Francis Hincks, J. H. Price, R. B. Sullivan, Sandfield Macdonald and W. H. Blake from Upper Canada, and A. N. Morin, P. J. Chauveau, E. P. Taché, T. C. Aylwin and Lewis Drummond from Lower Canada. Their majority was overwhelming; on the vote of want of confidence in the previous administration the members had stood 54-20. In Lower Canada the Opposition retained only four or five of the forty-two seats, and in Upper Canada they were also in a decided minority. The Opposition was demoralized, convinced that its old policies were doomed, but unable to find a new platform. Yet in five short years this seemingly powerful party was hopelessly broken up, and a member of the discredited Opposition headed the Coalition cabinet which had risen on the ruins. That Opposition, too, had undergone a sweeping change from Toryism to Conservatism, or rather Liberal-Conservatism.

The disappearance of the old Tory party of Family Compact days was not a surprising incident in the march of nineteenth century democracy. In Great Britain a similar though less sweeping transformation occurred after the passing of the Reform Bill in 1832 had made it clear that standpat Toryism was doomed and that a more flexible Conservatism must take its place. In the Canadas, the concession of the right of the majority to govern themselves made it necessary for any party which sought power, to appeal to Canada, not to Downing Street, and to

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offer a platform which would attract and hold a majority of the people. The task was made the easier by the very completeness of the defeat of Toryism. One by one the essential planks in the old platform were destroyed, or abandoned. The long opposition to Responsible Government was withdrawn and that policy became a national, not a party principle. The union of Church and State, another essential Tory doctrine, was abandoned after the triumph of the secularization party in the two main issues, the Clergy Reserves question and the control of the provincial university. The annexation movement in its ranks made it difficult for a time to raise the old cry of superior and exclusive loyalty to Queen and Motherland. And when, in 1854, the appointive Legislative Council, that other buttress of privilege and authority, the colonial copy of the House of Lords, was made elective on the best republican models, and the deathblow was given to a still older survival of the days of privilege and caste, the seigniorial system of Lower Canada, and when in both cases the formal last step was taken by a "Tory" premier, it was clear that Toryism of the old type had passed forever. There was now a clean sheet to write upon. Yet that Toryism, however wrong in these specific policies, had expressed an attitude and a temperament essential for the well-ordering of a nation's affairs. A reverence for the past, a deep sense of the unity and permanence of the national life, an unwillingness to experiment over-hastily with every new-fangled notion, were qualities of permanent value. Sometimes the retreating column lingered too long in positions that had become untenable, but it was well that a rearguard action should be maintained to prevent the advancing radical forces from getting out of hand and hastening too fast. Conservatism, then, remained a vital factor in our politics—though the so-called Conservative parties of the future

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were not always able to be Conservative nor the Liberal parties to be Liberal.

In Lower Canada, before the Union, the bulk of the so-called British party had taken a Tory stand, opposing majority rule, simply because themselves in a hopeless minority. When, after the Union, the tension between the races became less acute or at least less localized in the old region, and the principle of majority rule was recognized as settled, this party, too, began to disintegrate. Galt's refusal in 1849 to bind himself to support the Conservative or any other party was in some measure an indication of his essentially cross-bench mind, a characteristic of a man whom party ties never bound closely, yet it was also a sign of the times, a symptom of the breaking down of old lines that was going on over all the province.

At the same time, the Liberal party was undergoing an almost equally drastic reconstruction. It split both vertically and horizontally. The close union between the so-called Liberal parties of the two sections ceased, while the party in each section was divided into a Radical and a Whig group. The left wings of the party in each section, the Clear Grits in Upper Canada, and the Rouges in Lower Canada, broke away from the main body, and eventually became new Reform or Liberal parties. Then the Whig or conservative wing in each section met the Old Tories half way, growing more opposed to radicalism as the Tory mellowed, until the two united to form "the Liberal-Conservatives."

This break-up of the triumphant Liberal party of 1848 was easily explained on reflection. As in the case of the transformation of the Tory party, a parallel was afforded in the politics of the United Kingdom in the same period. After the passing of the Reform Bill, the main section of the British progressive forces, the Whigs, wished to rest on their oars, considering the great Bill the final goal,

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while a vigorous minority, the Radicals, regarded it as only a half-way house, an instalment on account. So in Canada, men of essentially different temperament marched together until the end they had in common was gained, and then took different paths. Victory dissolved the bond of common antagonism to clique rule. Once granted the right to govern themselves, they proceeded to propose quite different ways of governing. Other factors played a part—the retirement of Baldwin and LaFontaine, who had the respect of both wings, and the rise of new economic issues, creating cross interests and new alliances, while the very size of the Liberal majority made it possible that it would break by its own weight.

It is striking to what an extent names given to parties by their opponents in derision have been accepted by the labelled victims, and in time come to be regarded as badges of honour. The inept 'Tory' and 'Whig,' 'Irish bog-trotter' and 'Scotch whey-drinker,' became the accepted titles of the great English parties. So in Canada, the 'Rouges,' after some unwillingness, came to answer to the name bestowed upon them by those who likened them to the Red Republicans of Paris, and the 'Clear Grits' accepted George Brown's taunting phrase as a tribute to their sterling worth.⁴

The rise of both these parties afforded evidence of the

⁴ "What to call them we do know not," declared the *Toronto Globe*, then fiercely Ministerial, in 1850, after the Clear Grit candidate in Halton County, Caleb Hopkins, had defeated the government's man, "this mixture of Tories, Radicals and Annexationists, of High Churchmen and Andrew Marvelites. 'Calebites' we think would express the thing. 'Clear Grit' is too good for them."—March 21, 1850.

Some months earlier, however, the *Globe* had applied the term to the new party (Dec. 20, 1849) and it had been accepted by their own papers, the *Examiner* and the *North American*. On Jan. 10th, 1850, the *Globe* gave the following explanation: "The *Globe* merely gave the name which they themselves had assumed to a little miserable clique of office-seeking, bunkum-talking, cormorants, who met in a certain lawyer's (William McDougall's) office in King St., and announced their intention to form a new party on 'Clear Grit' principles."

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extent to which Canada was coming into closer contact with other lands. While it is true that both had their origin in local conditions, yet the form and direction of the movements were materially affected by happenings elsewhere. The great desire of the Clear Grits to apply the elective principle to every branch of Government showed the influence of United States models; their strong anti-state church policy was intensified by echoes of the dispute between the Free Church and the Established Church in Scotland; while their anti-Catholic tinge was especially notable after the outbreak of the controversy in England as to Ecclesiastical Titles. The Rouges, of course, considered the St. Lawrence a tributary of the Seine, and were also influenced by the other great republic to the south. The age of backwoods isolation was evidently beginning to pass away.

Even before the Union there had been two distinct tendencies among the Reformers of Upper Canada. Some, of whom Robert Baldwin was the chief, had looked to the British system of responsible government as the solution of all their ills, while others, including William Lyon Mackenzie, Marshall Bidwell and Peter Perry, had hoped rather for relief by adoption of the United States version of democracy, the election by the people of all the officers of government. Speaking broadly, settlers from the old land were more likely to fall in with the Baldwin policy, while settlers of United States origin or descent equally naturally thought in the other terms. Now at the close of the forties this divergence began to show itself again. The thorough-going democrats of Upper Canada began to question whether too great power had not been entrusted to the few men who made up the administration, and whether they should not be brought into closer dependence upon the people. To cure 'the never-ending audacity of elected persons' they proposed to elect more persons, to

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elect the Governor, the legislative council, and the chief officers of government. The arbitrary power of the Governor or the administration in power to dissolve the House at any time was to be removed by giving the House a fixed term of office, as also was done in the United States. Other planks in the 'Clear Grit' platform, as outlined in their chief organ, the *North American*, which was edited by William McDougall, included extension of the suffrage to all householders and housekeepers, vote by ballot, abolition of property qualifications, biennial parliaments with fixed term, retrenchment, law reform (abolition of the Court of Chancery, simplification of law and procedure), abolition of the law of primogeniture, and equalization of assessment. Secularization of the Clergy Reserves and abolition of the rectories established out of these lands by Sir John Colborne, and entire control of commerce and intercourse with other nations, 'leaving in the power of England nothing but the question of peace and war, and that under certain restrictions,' were also insistently demanded. The Clear Grit, it will be seen, was a strong upholder of Canadian self-government, an advocate of democracy on the United States plan, and an opponent of any union between church and state.

The experience of the United States since that day has shown the futility of the hope that multiplying elective officers and dividing responsibility will secure either efficient or democratic government. Aside from this demand, the Clear Grit platform has now been almost wholly accepted in law or practice, and become part of the common political heritage of all sections of the people. In 1849, however, it was considered ultra-radical, revolutionary, republican, even, in a word not then in as good odor as to-day, democratic.

Meanwhile, in the other section of the province, a still more radical movement had developed. There, too, the

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winning of responsible government had brought to the surface the differences in opinion, temperament, interest, latent in the once united reform forces. It was not alone in these differences, however, that separation of the Rouge party from the main Liberal forces had its birth. The difference was largely one in age, a division between the old men and the young. Not one of the founders of the Rouge party, as Sir Wilfrid Laurier pointed out in his famous speech on Political Liberalism in 1876—A. A. Dorion, J. B. E. Dorion, Papin, D'Aoust, Laberge, and the rest—was over twenty-two at the time. This band of eager young Montrealers, mainly, though not entirely, French-Canadian, flushed with the gift of liberty and free expression, stirred by the revolutions and threats of revolution that were shaking the old world, endeavored to make Canada, too, join in the march, the run, of democratic progress.

But not all the abettors of the Rouges were young. The most noted was a man who had been elected to the Assembly of Lower Canada forty years before, who had seen service in the War of 1812, and whose history for the next quarter century was the history of Lower Canadian political agitation—Louis Joseph Papineau. Departing hastily from Canada when the rebellion he had done so much to bring about broke out, he had spent two years in the United States and eight in Paris, which was then fomenting with all the glowing schemes of social and political reorganization of the world, familiar in the writings of Blanc and Fourier, Cabet and Considerant and the St. Simon School. LaFontaine had secured in 1843 the removal of all barriers to his return, but he did not come until 1847. Then he found himself only a memory, found new leaders firmly seated in public confidence, and the people generally disposed to make change slowly, after so many years of strenuous agitation. Stirred by wounded vanity and by the doctrines he had imbibed in Paris, he

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lent his name and his still great power of eloquence and invective to the young Rouge group.

An association was formed in the spring of 1849, *Le Club National et Démocratique*, modelled on the Paris clubs which had played so great a part in French politics. A newspaper edited by Eric Dorion, *L'Avenir*, had previously been established, and reached a level of forceful if often ill-directed eloquence unusual in Canadian journalism. The revolutionary movement which was shaking France, Russia and the minor German States, Austria and Rome, and was echoed in Chartist agitation in England, was welcomed with as great joy by these young hotheads across the Atlantic as it was received with perturbation by the kings and queens nearer the explosion, who feared that their crowns if not their heads were at stake.⁵ Even when the revolution shook the throne of the Pope, they did not withhold their approval. This brought them into conflict with their Church, a conflict which they did not shirk. Never before nor since has the power of the Roman Catholic Church in Canada been subjected to such strong assaults from within. The

⁵The threatening aspect of affairs is clearly brought out in the letters exchanged between Queen Victoria and her fellow-sovereigns. Writing to her in February, 1848, King Frederick William IV of Prussia thus wailed for aid: "Most gracious Queen and Sister . . . God has permitted events to happen which decisively threaten the peace of Europe. . . . If the revolutionary party carry out its programme, 'the sovereignty of the people', my minor crown will be broken, no less certainly than the mighty crowns of your Majesty, and a fearful scourge will be laid upon the nations: a century of rebellion, of lawlessness, of godlessness. . . . On both knees I adjure you, use for the welfare of Europe 'Engellands England.' With these words I fall at your Majesty's feet." Letters of Queen Victoria, 1837-1861, ii, p. 177.

Queen Victoria to King of the Belgians, July 11, 1848: "When one thinks of one's children, their education, their future—and prays for them—I always think and say to myself, 'Let them grow up fit for whatever station they may be placed in, high or low.' . . . Altogether one's disposition is so changed—bores and trifles which one would have complained of bitterly a few months ago, one looks upon as good things and quite a blessing—provided one can keep one's position in quiet." Letters of Queen Victoria, 1837-1861, ii, p. 217.

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right of its priests to take any part in politics, much less to dominate, was assailed, and the taking of tithes was especially denounced. As the conflict went on, some members of the group ventured to call in question doctrines or practices of the Church, but for the most part it was only the political activities of the clergy that were queried. For the rest, the Rouges urged many of the same political reforms as the Clear Grits, demanded the repeal of the union, and when the annexation movement was begun, made this one of the planks of their platform. All told, a sufficiently startling programme for the Lower Canada of 1849—or of to-day.

The reshaping of parties and the emergence of provincial life began almost immediately after the accession of the great LaFontaine-Baldwin ministry to power. At first all seemed well. The Liberal party was united, and powerful in both sections of the province. The issues which arose were issues on which the leaders and most of the rank and file of both sections were agreed. In the session of 1849, in addition to the Rebellion Losses Act, the ministry succeeded in carrying an array of measures rarely if ever exceeded in importance in any year of a Canadian legislature. Baldwin carried the municipal act which is still the basis of the municipal institutions of most of the provinces, established the University on a non-sectarian basis, doing away with the control hitherto exercised by the Church of England, and reorganized the courts. Hincks was mainly responsible for the railway bond guarantee legislation of the year and for the tariff act, which materially increased the rates on manufactured goods, and at the same time made the United States a standing offer of free trade in natural products. LaFontaine introduced a slighter measure of court reform, as well as the much debated Rebellion Losses Act.

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This was unquestionably a big achievement for a single session, and it would be a very impatient Radical who would complain that the pace of reform was not rapid enough or that the ministry was slack in redeeming its promises. But impatient Radicals were not lacking. Papineau assailed LaFontaine for betrayal of the French-Canadian cause in accepting the union framed for their obliteration, only to be crushed by LaFontaine's appeal to test the union not by the hopes of its framers but by its actual results. As yet the old tribune had no followers in parliament and the Rouges outside were directing their shafts at clerical rather than at political antagonists. More troublesome were the defections in Upper Canada. Late in 1849 the Clear Grit movement began to take shape. Malcolm Cameron, holder of a minor office in the ministry, resigned, whether because of dissatisfaction with its policy or of chagrin at not receiving a higher post, and Dr. Rolph, the shifting but able leader of pre-rebellion days, who differed from the government from high motives of state policy, and incidentally was angry because a brother-in-law had been dismissed from office, lent his aid outside the walls of parliament. The *North American* and the *Examiner* began to bombard the ministry.

The problem of securing harmony between the two sections of the province did not occasion difficulty in this session, for the reason that a strong party was in power with a decided majority in each section, and united in opinion upon the chief issues. Yet the very composition of the ministry showed how incomplete was the union, and how pregnant with possibilities of acute dissension. It was really an alliance, a coalition. Each wing of the party was distinct in organization and leaders. There were virtually two premiers, though one was given titular precedence over the other, and there was both an Attorney-General West and an Attorney-General East. Laws

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were regularly passed applying to only one section of the province.

In the following session, the rifts began to appear. True, the ministry and its majority remained intact, and a fair grist of minor measures was put on the statute-book. The post-office was taken over from the imperial authorities, and postal rates much cheapened, the jury system and the assessment laws of Upper Canada were revised, and provision made for reciprocal free trade with the other British North American colonies. Yet the pace was evidently slackening and criticism correspondingly increased.

Under Sir Allan MacNab the Tory remnant kept up a ceaseless fire upon the ministry. Sir Allan was unrestrained in his abuse of the ministers and appeared to have learned nothing from the excesses of the previous year and their unfortunate results. The defection of one of the foremost Conservatives of Lower Canada, Colonel Gagy, and his denunciation of MacNab's violence and rehashing of old issues, marked, however, the beginning of the movement to wipe the past from the slate and to reorganize the party on new issues. Sherwood, Cayley, Robinson, Gamble and other leaders of Family Compact days still seemed able neither to forgive nor to forget, but one of the young members on the Conservative side, John A. Macdonald, gave evidence of a more conciliatory temper and a truer reading of the needs of the time.

Papineau was still unsupported and still ineffectual in his attacks, but the opposition from Upper Canada proved stronger. The Clear Grits, under Malcolm Cameron's leadership, now included Peter Perry and Caleb Hopkins, who had defeated a cabinet minister in a bye-election, with J. H. and W. H. Boulton on the wings as independents. They brought forward several of their pet schemes—an elective legislative council, reduction in the cost of administration and abolition of the Court of Chan-

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cery. Gradually they succeeded in detaching from the majority several of the more radical and more discontented, while outside parliament their strength was undoubtedly growing. Even so, the ministry obtained 44 votes on the address as against 14 for all sections of the Opposition.

Three questions which occupied much of this session were particularly notable, not only for their bearing on party fortunes but as indicating the growth of sectional divergences. When the school law of Upper Canada, passed in Draper's regime, was revised, the provision permitting the establishment of Catholic or Protestant separate schools was retained, but it was ominous that this was done only by the votes of members from Lower Canada. A majority of the votes from the province directly concerned were cast against the clause. Again, when LaFontaine brought forward for the second time a bill to increase the representation from each section of the province from 42 to 65, he failed to obtain the two-thirds majority required by the Union Act for change in the basis of representation, because of the opposition of a strong minority of Upper Canada members, both Clear Grits and Conservatives, who demanded that if any change be made heed should be given to the fact that Upper Canada had now surpassed Lower Canada in population.

But it was the Clergy Reserves issue which most clearly brought out the growing divergence. This issue had troubled the country sorely ever since the unfortunate day in 1791 when an English ministry had endeavoured to provide for the endowment of an established Church, which, along with the hereditary nobility contemplated by another clause of the same Constitutional Act, would serve as barriers against the growth of democracy and avert another American Revolution. Luckily the provi-

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larization was the only remedy. Both Baldwin and Hincks, however, and all the moderate men of the party, urged that as a first step it was necessary to secure the repeal of the Imperial Act on the subject, in order to leave the Canadian legislature free to deal with it. The Clear Grits denounced all delay and demanded that an act be passed providing for secularization, leaving it for the Imperial authorities to withhold the royal assent if they so decided. Baldwin's policy prevailed, and an address was sent requesting that steps be taken to give the control of the question to the Canadian parliament.

The revelation of the attitude taken by the French-Canadian members of the ministry (one Lower Canada minister, L. T. Drummond, was a vigorous advocate of secularization), and the suspicion, as yet unfounded, that the Upper Canada section members were held back by the same influence, gave fresh fuel to the Clear Grit fire. "It is a startling fact," declared the *North American* at the close of the session, "the truth of which has for the first time during this session of parliament flashed upon the vision of thousands in Upper Canada: we are bound hand and foot, and lie helplessly at the feet of the Catholic priests of Lower Canada who can laugh to scorn all our convulsive efforts for freedom. . . . When the civil, political and religious degradation in which we are placed is fully realized, we shall hear very little in Upper Canada of the cry 'Tory' and 'Reformer.' These distinctions will be swept away and another and a very different organization of parties will be formed." More significant still was the gradual conversion of George Brown and the *Toronto Globe*, powerful forces both, from stout defenders of the ministry to its most aggressive critics. At first, Brown's denunciation was directed against ecclesiastical pretensions, and was largely an echo of the violent no-papery storm that had been raised in Great Britain by the attempt of the Papacy to establish there Roman Catholic

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sees with territorial limits. It was not long, however, until denunciation of Catholic pretensions in England merged into denunciation of Catholic domination in Canada. As yet, however, Brown stood half way between the Clear Grits and the government. Before the next session opened, he stood for Haldimand in a bye-election, but was beaten by an agitator of an older vintage, William Lyon Mackenzie, now returned from exile, somewhat disillusioned by his first hand experiences of republican life and ways, but still a fiery critic of all vested rights, or vested wrongs.

The session of 1851, the last in this parliament, began auspiciously. Sir Allan MacNab and his followers offered only perfunctory opposition. This mellowing was due in part to a desire to live down the memory of the violence of 1849, but more to the disintegrating influence of railway issues. The railway era had begun, the promoter was busy in the land, and legislators and cabinet ministers were learning the value of their influence, the sudden opportunities for wealth opened by the scramble for charters and subsidies. For the next few years the air was full of talk of charters and 'chisels,' of contractors' rivalries and companies' needs. The connection between politics and business, and especially between politics and railways, has long been familiar in Canada, but in later days there has been some degree of specialization, and railway chiefs have not found it necessary or possible to hold seats in parliament. In the fifties, however, whether because business organization and business ethics were less developed, or because politics demanded less of a man's time than now, the same men were often found high in both fields. Sir Allan MacNab was long president of the Great Western, and Isaac Buchanan, another notable politician, father of the protectionist movement, was prominent in the same road and in many other projects. J. A. Macdonald had his fingers in several pies; Hincks

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clouded his career by questionable relations with railway promoters, and John Ross, later president of the Council, was also president of the Grand Trunk. Cartier was counsel for the English contractors of the Grand Trunk and later solicitor for the company. MacNab's frank declaration, "Railroads are my politics," explains many strange turns in the party fortunes of this era.

If Sir Allan was milder than of old, the Clear Grits were still more rampant. Baldwin enacted one of their demands with which he sympathized, the abolition of primogeniture, but refused to accept a motion put forward by Mackenzie, an Independent of Clear Grit leanings, abolishing the Upper Canada Court of Chancery, which Baldwin himself had lately reorganized, and conferring its equity jurisdiction on the common law courts, as had largely been done in the United States. The motion was defeated, but only by votes from Lower Canada; a majority of the Upper Canada representatives, including most of the lawyers from that section, voted for it. The question was a minor one, and the vote was not meant as one of lack of confidence. Mr. Baldwin, however, took it much to heart, considering it a symptom of the growth of a radical and aggressive spirit with which he was out of sympathy, and decided to retire. LaFontaine came to the same conclusion, and thus at forty-seven and forty-four respectively the two most splendid figures in the fight for responsible government were lost to the House.

The formation of a new ministry was entrusted to Hincks and A. N. Morin. Hincks was the ablest parliamentarian of his day, a capable financier, and a man of proved Liberal principles, while Morin, though not so strong a character as LaFontaine, had won universal respect by his high honour and unfaltering devotion. The most notable feature of the administration was the inclu-

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sion of two Clear Grit leaders, Malcolm Cameron and Dr. John Rolph.* This concession, however, seemed to enrage rather than to pacify many of their followers, who regarded them as deserters, and denounced the coalition as immoral and a foreswearing of all principle. Brown poured out his wrath upon the ministry and all its works with increasing fervor.

In the elections, held in the closing weeks of 1851, the Government was sustained with nearly the same majority as before. In Upper Canada the Conservatives lost several seats and it was notable that it was chiefly the "Compact Tories" who were left at home. The Clear Grits and Independents, however, had now a third of the representation from this section. In Lower Canada, the Ministers were still all powerful, at most five Rouges winning a place.

In the early months of 1852 the new premier was in England, negotiating with governments and contractors about the Main Trunk line, and endeavoring to hasten the enabling legislation asked for on the Clergy Reserves question. The session which opened in August, and with a three months break lasted until June, 1853, was a crowded one. The Grand Trunk was chartered and its bonds partly guaranteed, the franchise was extended, decimal currency introduced, and the usury laws repealed, permitting "free trade" in money. A door was opened to

*The Hincks-Morin ministry, sworn in on October 28, 1851, was made up as follows:

<i>Canada West</i>	<i>Canada East</i>
Francis Hincks, Premier and Inspector-General.	A. N. Morin, Provincial Secretary.
W. B. Richards, Attorney-General West.	L. T. Drummond, Att'y-General East.
Malcolm Cameron, President of the Council.	John Young, Commissioner of Public Works.
John Rolph, Commissioner of Crown Lands.	R. E. Caron, Speaker of the Legislative Council.
James Morris, Postmaster-General.	E. P. Taché, Receiver-General.

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speculation and extravagance by the Municipal Loan Fund Act, providing for pooling the credit of the various municipalities to enable them the easier to procure funds for railway building or other enterprises. These were not party issues, though Brown and J. A. Macdonald joined forces with Galt and Holton (not then in parliament) against Hincks' Grand Trunk proposals.

Contentious issues were not wanting. The knottiest questions of the previous parliament were still pressing for solution. Little progress had been made with the Clergy Reserves matter, because of the unwillingness of the Tory government of Lord Derby, then newly in power, to consent to divert "to other purposes the only public fund . . . which now exists for the support of divine worship and religious instruction in the colony." Hincks had at once combatted this attempt of the Colonial Office to intervene in a purely domestic matter, urging that "the people of Canada were better judges than any parties in England of what measures would best conduce to the peace and welfare of the province." Resolutions embodying this view were passed by the House in 1852, but failed to move the Colonial Secretary. A timely change of administration brought the Whigs under Aberdeen to power and the desired permission was given. Thus far no fault could fairly be found with Hincks' management, though unfair suspicions were expressed that he had not genuinely urged repeal upon the British authorities. Now, however, at the end of the 1852-3 session, when the House was free to act, he declined to pass the long waited for measure, on the plea that a new parliament was about to be elected, on a new basis of representation, and that it would be unfair to act before the people had had a chance to pronounce more clearly upon this issue. At once he was violently attacked by all sections of the Opposition and the heather of Upper Canada was soon on fire.

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Similar delay befell in the case of another important issue, seigniorial tenure. The feudal system introduced into New France in Richelieu's day had perhaps served its purpose in encouraging settlement and providing military organization, but it had become an anomaly in the nineteenth century, a barrier against industrial development and a heavy burden upon the habitant. It was agreed that change must come, but men differed as to whether the system should be swept away, without compensation, or whether the prescriptive rights of the seignior should be recognized. LaFontaine had hesitated to lay rash hands upon an institution which was so much a part of the history and life of the province. Morin and especially Drummond, were more radical, and during this session an act was passed providing for inquiry into the legality of charges, reduction of legal charges above a certain amount, and compensation to the seignior in the latter case. Papineau, it is interesting to note, for all his Radicalism, was also a seignior and out-ried the most conservative in attacking such interference with established institutions. } The Legislative Council contained a majority of men of like conservative views, and woke from its lethargy long enough to reject the measure and thus give the radical wing a strong argument for their elective council plank.

The representation was at last increased from 84 to 130, and a redistribution of seats did away with "rotten boroughs" established by the Union Act. This measure, however, raised the whole issue of the relations between the two sections of the province. The demand of Upper Canada for increased representation to correspond with its now larger population, "Rep. by Pop.," which had been urged at each session since 1849, received new emphasis. The Conservatives joined the Clear Grits in urging it, but were outvoted by the Lower Canada members and the thick-and-thin ministerialists from Upper Canada.

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The success of Lord Elgin and Hincks in negotiating the Reciprocity Treaty with the United States in 1853 was a feather in the Government's cap. But this advantage was more than offset by a revival of sectarian animosity over the Gavazzi riots in Montreal and Quebec, where the attempt of an ex-priest to expose the errors of Romanism had brought riot and bloodshed, without any vigorous government action, and by the charges of personal corruption made against Hincks, in accepting a bribe from the English contractors of the Grand Trunk and in entering into a dubious deal in securities whose value to some extent depended upon provincial legislation. A plausible explanation was given as to the first charge, and on the second the verdict was injudiciousness rather than dishonesty. Yet Hincks' reputation was stained, and his opponents pressed the charge home. John A. Macdonald, denouncing the Ministers as "steeped to the lips in corruption," was quite as aggressive as George Brown himself.

Dissolving the House suddenly in June, 1854, Hincks appealed to the country in the hope of securing a more stable majority than he had enjoyed in the past session. His hopes were vain. The combination of Tory and Clear Grit against him in Upper Canada proved too strong to overcome, while in Lower Canada the Rouges also made headway. The Ministerial party in the new House was still the strongest single group, with about thirty out of sixty-five members from Upper Canada and over forty from Lower Canada, but it was doubtful whether it could retain a majority over all.

In the western section, both the Conservatives and the Clear Grits came back much stronger. Sir Allan MacNab, John A. Macdonald, John Hillyard Cameron, William Cayley, W. B. Robinson and other Conservative leaders were returned, and their party numbered perhaps twenty

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altogether. The Clear Grits were also reinforced; Brown, who now was of them in all save name, preferring to call himself a Reformer, Mackenzie, Hartman, who in the previous election had won the doubtful honour of defeating Robert Baldwin, were among the more notable. The heat of opposition to a common foe had nearly fused Clear Grit and Conservative in the election. The *Globe*, which had urged its readers to vote for John A. Macdonald rather than for a Ministerialist, referred to 'the small differences which now divide Conservatives and Reformers in Upper Canada, and the exceeding probability that ere long they will be found together in the same harness working against the common enemy.'" The prophecy was too sanguine; an abler tactician than George Brown was to see the possibilities of quite other combinations than this before the coming session was over.

In Lower Canada there were also three parties or groups, the Ministerialist Liberals, the Rouges and the Cauchonites. The lines between them were not always clearly drawn, and there was constant shifting and re-classifying. Morin still had much the largest following behind him and his lieutenants, Drummond, Chabot, Chauveau, Ross, Cartier, were all returned. A small group, or 'tail,' in the phrase of the day, followed Cauchon, a brilliant lawyer-journalist whose newspaper, *Le Journal de Québec*, was the most vigorous of French-Canadian organs, and who differed from the main party on grounds of personal ambition as well as in being more extreme in his support of clerical pretensions. At the other end of the scale were the Rouges, now numbering nineteen, the largest representation that the party as such ever attained.

'August 7, 1854.

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The Rouges had sobered since the effervescent days of 1849.* They had abandoned their republican views and their annexation policy, and no longer questioned the dogmas of their church or the right of its priests to take part in political affairs. Yet they were still the most radical group in Lower Canada, strongly in favor of popular education, of a wider franchise and an extension of the elective principle, and of a separation between state and church. Their leader, Antoine Aimé Dorion, a singularly moderate and just-minded man, of unstained integrity and sincerity, was one of the most attractive figures in Canadian politics. His more impetuous brother, Eric, known as "l'enfant terrible," Papin, D'Aoust, Dessaulles and others, made up a group with an average of ability and eloquence not reached by any other equal number in the House.

On the margin of this group, calling themselves Liberals, in general sympathy with the Rouges but prepared to give the Ministry an independent support, were a number of English-speaking representatives, Luther H. Holton, J. S. Sanborn, John Young, and A. T. Galt.

* "With the growing sense of responsibility there has come (to the Rouges) a moderation of sentiment and prudence in action and expression which was wanting in their earlier career. So far as they have appeared on the floor of the House, they have not expressed a single sentiment on general politics to which a British constitutional reformer might not give assent. In fact, their parliamentary policy has been too prudent to suit the views of Upper Canada Liberalism. They have seemed rather too much inclined to follow in the ways of their predecessors.

Upper Canada Reformers in seeking at the present time for allies in Lower Canada, must take politicians as they find them. They are not required to ask what Messrs. Dorion, Papin, D'Aoust, Laberge and others were in their younger days, but what they are now. These gentlemen represent the only section of Liberals among French Canadians. They assert Reform principles, they set up a high standard of political morality and are warm advocates of education and of liberty of speech. They are the hope of Lower Canada. Are we to reject such allies because of their having indulged in the warm and enthusiastic feelings of youth?"—*Globe*, Feb. 26, 1855.

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The great majority of the English-speaking people of Montreal district and the Eastern Townships, or at least their leaders, had called themselves Conservatives in earlier days, when they adopted any party label. In reality they deserved better the title of "British party" or "official party." They included men of both conservative and radical leanings. The Union, and the coming of responsible government, eased for a time the racial tension, so far as Lower Canada was concerned, and so permitted these latent divergencies to appear. At the same time the world-wide swing to Liberalism was not without its effect. The influences which transformed Peel and Gladstone from "stern and unbending Tories" into founders of latter day Liberalism were at work in Canada. On a man like A. T. Galt, closely akin to Peel in open-mindedness, in financial interests, and in disregard of party traditions, these influences operated with full force. Together with his personal friendship with Holton and Dorion, they carried him for a time far toward the Rouge camp.

Galt, it has been seen, resigned from parliament early in 1850 when the removal of the seat of Government from Montreal made it impossible for him to combine legislative duties with his work as Commissioner of the Land Company. The wide expansion of his business interests in the next few years gave the Land Company a subordinate place in his activities. Its work in any case was being reduced to a routine which did not require his continuous supervision, and the directors were glad to retain him on his own terms. When, therefore, late in 1852, the member for Sherbrooke town, Edward Short, was appointed to the bench, Galt agreed to stand and was returned at the bye-election in March, 1853, without opposition. J. S. Sanborn, it may be noted, still sat for Galt's first constituency, Sherbrooke County. The boundaries of both constituencies were materially altered in the re-

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{ distribution of this session, but Galt continued to sit for Sherbrooke town for the remaining years of Union, from 1853 to 1867.

In the adjourned session of 1853 Galt gave an independent support to the Ministry, because, in his own words, he "desired a speedy settlement of the Seigniorial Tenure and Clergy Reserves questions, and believed that ministry more likely to settle both questions than any other that could be formed."^o When the new parliament opened, he was prepared to continue this qualified support, and voted for the ministerial candidate for Speaker. When, however, the Address from the Throne was delivered, making it clear that the Ministry was not going to take an aggressive stand in either issue, he determined to vote against them.

The first test of party strength came on the opening day of the session, September 5th, with the election of a Speaker. The ministry put forward George Etienne Cartier, the Clear Grits, John Sandfield Macdonald, and the Rouges, Louis V. Sicotte. The various sections of the motley Opposition planned that the Rouge candidate should first be put forward, and doubtless be beaten, and that then the whole Clear Grit, Rouge and Conservative vote should be swung to Macdonald. The alliance worked to the extent of defeating Cartier, by a vote of 62 to 59. But when Sicotte's name came up, and it was apparent he was also to be beaten, Hincks, who hated the foes of his own household more than those of Lower Canada, suddenly called out, "Put me among the yeas," and threw the whole ministerial vote to Sicotte, who was thus easily elected.

Next day the speech from the Throne was delivered. It contained no definite indication of aggression on either the Clergy Reserves or Seigniorial Tenure question. The revolt among the western ministerialists continued, and

^oDebates on Address, Session of 1854, October 13.

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Hincks gave way. On September 8th the Hincks-Morin ministry resigned.

The trend of events at this critical juncture is clearly shown in letters exchanged between Hincks and Galt:

Quebec, 13th August, 1854.

My dear Galt:

I must write you on the subject of the Speakership. There has been a sort of understanding that the Chair should be filled alternately from Lower and Upper Canada, and it is now Lower Canada's turn. Looking, then, to L. C. Members, I have no doubt whatever that Cartier is the best qualified, and would command more influence than any other. . . .

Now, I would like to know what view the Rouges are inclined to take. Would they stand by the claim of L. C. to the Speakership and vote for Cartier against Macdonald? Surely they would not prefer a man like Lemieux to Cartier? Of course, I assume in trying to get such information that Holton is really not unfriendly to us, although placed at present in a position where to be consistent and to act with friends he may have to appear so. In my last conversation with Holton he dwelt much on the hostile position assumed by the Ministerial Party toward the Rouges. Now I do not think that the actual position of matters is appreciated. There are now in L. C. three well-defined Parties, Cauchonites, Ministerialists and Rouges. Although the first and last were joined in an immoral combination at the close of last Session, it is evident that they can have no sympathies with one another. We are gradually getting more separated from the Cauchons and the tendency is to carry us in the direction of a more Liberal party in L. C. This I know is every day becoming more apparent and if matters are left alone in good time such views would be developed. On the other hand a crisis would have a most baneful tendency. Look how I am abused in the *True Witness*,¹⁰ and in a day or two you can see a correspondence between me and the R. C. Bishop of Kingston who has made a bitter complaint against me to the Governor-General. I have given His Lordship a gentlemanly trimming to the delight of all my R. C. Colleagues, who are in no very good humour with the Clergy. . . .

Yours very truly,

(Sgd.) FR. HINCKS.

¹⁰Roman Catholic organ in Montreal.

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A week later Hincks writes again, as follows:

Quebec, 21st August, 1854.

My dear Galt:

Many thanks for your frank communication, and I hope you will allow me to write with equal frankness. It seems to be very evident from your letter that the Rouge Party are determined to bring on a political crisis at this moment, if within their power. I am firmly of opinion that whether successful or not they will injure themselves and the country thereby. What the consequences of such a crisis may be it is wholly out of my power or theirs to forecast, but it cannot be of service to the Liberal Party. If they wish to act with the Liberal Party in Upper Canada, it seems to me a strange proceeding to act at the very outset in direct opposition to them and in concert with their enemies, viz. the Tories, Cauchons and Browns. With the latter alone can the Rouges have any sympathy and they are not only insignificant in numbers but impracticable.

You and Holton both seem to put the issue on democratic principles, but the truth is that the hostility of Mr. Holton's friends is to me personally. Holton admits this in his letter, though he also dwells on political questions. He, like you, talks of breaking up the present unnatural or immoral combination of U. C. Liberalism and L. C. Conservatism. Now, even if I were prepared to admit his premises I should say,—and every Statesman would agree with me,—Carry the measures on which you can get the Conservatives to agree before you bring about a crisis and drive them from you into the arms of the U. C. Conservatives. The fact is that you and Holton are now urging the absurd policy which Brown has long been at, of separating ourselves from the L. C. majority and forcing them into the Conservative Camp. I have always said that whether such a result came about eventually or not, so long as there were great issues on which the L. C. majority were agreed with us it would be actual madness to bring about the crisis which is demanded. It would force a combination of Tories, Cauchonites and the present Ministerial Party, added to such men from U. C. as would be unwilling to go with a more extreme Party than the present. What the number of these latter would be it would be difficult to say, but at all events there would be a most formidable combination, embracing in all probability a majority from L. C. and a very strong minority, if not a majority from U. C. All our measures would be risked, and what is of even more importance, the Provincial credit would be damaged. Not,

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believe me, that I am vain enough to think that my being in office would have any influence one way or other, but I am certain that with any new possible government men would come in wholly inexperienced and much prejudiced and would do great mischief. For my part, I wash my hands of the responsibility of consequences. You and Holton both have more interest than I have in preventing a political crisis at this moment.

Now a few words as to Parties. I deny that our L. C. administration is Conservative. I am not in a position to say so without admitting that I am so. We have gone on so far satisfactorily together with as much agreement as is possible with any set of men. Mr. Cartier has supported us zealously. I am not prepared to sacrifice him to his and my political enemies for doing so. I would rather fall myself feeling that I have done so with honour. As to the Montreal election, I cannot blame Cartier for voting against men who all came out as strong opponents of our Government and personally and specially against myself.

You state in your letter that Ross (as I am aware) wrote you about a junction with the Rouges. I certainly was not aware that he had done so and I am convinced that it must have been quite a speculative idea as to what might be done in the future. It would be downright treachery towards our colleagues from L. C. to enter into any correspondence having such an object. A defeat on the Speakership certainly would be no justification for a re-construction of the Ministry, nor do I think it would be right for us to evade a vote of want of confidence by such means. For our political schemes up to this time we are equally responsible; for the alleged act of corruption, no L. C. is responsible. How could I make any overtures to men like Mr. Dorion, who have proclaimed me corrupt? It would disgrace me and be met of course with scorn and contempt. A movement to the Rouges at present therefore is wholly impracticable.

Now as to the Ministerial Programme, from the discussion of which I will not shrink. You have suggested certain measures and as not one of them can be considered as of any real practical importance at this moment, I am justified in assuming that the whole object you have is to give the Rouges an excuse for not supporting us. You are too practical a man not to see the danger in raising new issues on the eve of a Session. The object being to bring about a crisis, of course it could be understood, but with any other object it would be sheer madness. I haven't any strong feeling regarding the ballot except that as far as regards Canada it is of no consequence in the world. I have defended my vote against it on one

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plain ground, which is that there is no use in raising an issue on which there are certainly wide differences of opinion among the ministerialists, while great questions of truly vital importance on which we are agreed were pending. The same remark applies to your other measures.

The fact is you L. C. Liberals are determined (I do not mean you personally) to take a course in direct opposition to your friends from U. C. and to join the common enemy to oust a Liberal Ministry, leaving consequences to the chapter of accidents. I shall ever contend that the course is unstatesmanlike and politically unsound. It has no precedent in England, and can only result in injury to the public interest.

Having said this much I leave the responsibility for events to others.

Always yours,
(Sgd.) FR. HINCKS.

Galt's position at this time is sufficiently shown in a letter to Hincks written on the day that the Speech from the Throne was given:

Russell's Hotel,
6th September, 1854.

My dear Hincks:

In my last note I stated that in view of the important considerations involved in any political crisis at this moment I should not accept the conclusions of those holding like opinions with myself in regard to their probable action on the Address, provided the position assumed in the Speech from the Throne were such as I could conscientiously support. I stated that such being the case I had every confidence the Ministry would carry them out and would not separate myself from the majority of the Liberal party on account of other measures which I myself desire.

It is due to you that I should take the earliest opportunity of expressing to you my opinion that the Speech delivered to-day does not meet several important subjects in the manner expected by the country, and especially that in reference to the Clergy Reserves an ambiguity of phrase is employed, which, if repeated in the Address, will neither pledge the Ministry, nor the House to secularization. The Conservatives can have no greater objection to accepting the terms employed in the Speech than they evinced in voting for Mr. Sicotte's Amendment last session. I cannot acquiesce in the adoption of these terms in the Address, when both the majority of the

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people and of the House fully expect an explicit, unmistakable statement of the legislation intended on this point.

In the reference to the Seigniorial question the terms employed in the conclusion of the paragraph are, I think, entirely uncalled for, and improperly addressed to those who are entrusted with legislation on all subjects involving property in this country. I must frankly state that the caution given to the House by His Excellency, if replied to by a repetition of the same expressions, would appear to me to convey an admission of a doubt by the House as to the justice and moderation of its intentions. I cannot even by imputation admit that our legislation has involved, or is likely to involve, such interference with private rights as would not be sanctioned by any judicial tribunal in the world.

It is very possible that the declaration of the Ministry in the House as to the Clergy Reserves may satisfy most of their supporters and induce them to negative an amendment. It is not possible for me, however, to take this course and to oppose that which I conscientiously believe to be the imperative duty of those who desire to secularize the reserves, and to pursue steadily the objects of perfect civil and religious equality.

It is with much regret that after giving my best consideration to the matter I find it necessary to state frankly my dissatisfaction with the Address to be founded on the Speech, and that I cannot support it as I had hoped to have done. Had the language of the address been such as to cause the Opposition to raise the simple issue of confidence in the men to carry out the measures, I could have given you my support without compromising political principles. My desire to do this induced me not to shrink from a difference with my own party on this issue, although a subject of reproach. But to re-echo the speech by my vote would be an evasion of opinion that I have deliberately professed and cannot on any personal consideration abandon.

Whatever course I may take, of one thing I beg most strongly to assure you, that esteeming your private character and having the strongest personal regard for yourself, it will be equally my duty and my pleasure to do justice to your integrity and honour, and I trust that although the differences on matters of politics may cause a momentary irritation they will never interfere with our personal relations.

Believe me, always,

Yours very truly,

(Signed) A. T. GALT.

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Hincks replied as follows:

Quebec, 7th September, 1854

My dear Galt:

I shall answer your letter of to-day with perfect frankness. I trust I shall always do. I inferred from one of your recent letters that it was quite possible you would join the party trying to bring about a crisis. Whether your friend Holton's sanguine expectations will be realized remains to be seen.

I need not go into any details. I want no vote from any man who does not believe my word as a minister, that I am prepared to secularize the Reserves, and I will not, to pander to the views of any man, recommend the Governor-General to take any course contrary to all precedents in England or Canada. As to the Seigniorial question, I differ from you entirely in thinking such a recommendation uncalled for as that to which you refer. When dealing with a question of property it is perfectly right, and a man should more cordially support this part of the speech, calculated to serve our credit in England which people are always saying will be impaired by this Bill, than a man so interested as you are in the maintenance of that credit.

To say that I do not feel disappointed at your action would be untrue. It is I hope the climax. Thank God, in a few days it will be over, one way or the other. Of course I reciprocate cordially your last sentence.

(Signed) FR. HINCKS.

The result which Hincks had prophesied now came about. The extreme Liberals were disappointed in their hope of a junction between the radical forces from both sections and an accession of sufficient men of middle views to afford a majority. It was about the other pole of political thought that the scattered units grouped. A working agreement was effected between the Conservatives and the Moderate Reformers of Upper Canada, which later strengthened into a merging of these two groups into the great Liberal-Conservative party. At the same time a close alliance was formed between this combination and the Ministerial party of Lower Canada, who had long been recognized as at least as much "conserva-

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tive" as "liberal." Attempts had been made under the Draper and Sherwood administrations to form a Conservative-French Canadian alliance, but had failed. They could not well succeed until the principle of self-government had been firmly established, until the fundamental reforms upon which the "Liberals" of both sections were agreed were realized, or at least well on the way to realization, and until the alliance, the personal ties, which bound Baldwin and Lafontaine had ceased to have effect. Now the hour had come—and with it the man, John A. Macdonald.

Under the guiding hand of the young Kingston lawyer whose ten years' experience in the Assembly had taught him much of tactics and more of men, the MacNab-Morin administration took office on Hincks' fall. Its titular head was the old Tory warrior, Sir Allan MacNab. A third Conservative, William Cayley, was taken into the Upper Canada section of the cabinet, while Robert Spence and John Ross represented the Hincks wing of the coalition. The Lower Canada section remained for a time the same as in the Hincks-Morin ministry.¹¹

The new ministry undertook to carry out the full Liberal programme, to secularize the Reserves, to commute Seigniorial tenure, and to make the Legislative Council elective. The Tory position on the most controverted issues of the day was thus definitely abandoned, and a Conservatism more consistent with the changed conditions

¹¹The new administration was made up as follows:

<i>Canada West</i>	<i>Canada East</i>
Sir Allan MacNab, President of the Council.	A. N. Morin, Commissioner of Crown Lands.
John A. Macdonald, Att'y-General West.	L. T. Drummond, Att'y-General East.
William Cayley, Inspector-General.	P. J. Chauveau, Provincial Secretary.
Robert Spence, Postmaster-General.	E. P. Taché, Receiver-General.
John Ross, Speaker of the Legislative Council.	J. Chabot, Commissioner of Public Works.

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took its place. It might be said, indeed, that Liberalism provided the platform and the votes, and Conservatism the leaders. Gradually the Liberal-Conservative party became more united. The Hincksites, or Baldwin Reformers as they preferred to call themselves, maintained a separate existence for a time, but eventually disappeared as a party, joining either the Liberal-Conservative or the Clear Grit party, as temperament or issue urged.

The reconstruction of 1854 had given the country parties more logically divided and more firmly based. A long step had been taken toward party stability. But for years to come this advance was nullified by the effects of the ever growing sectional conflict. The Opposition in Upper Canada and the coalition in Lower Canada grew in strength until the two sections stood arrayed against each other in almost unanimous strength—deadlocked.

CHAPTER VIII

Sectional Conflict and the Way Out: 1854-1856

The Rise of Macdonald and Cartier—The Achievements of the Coalition—The Growth of Sectional Conflict—Personalities and Corruption—The Remedies: Repeal of the Union. American Models. Rep. by Pop. The Double Majority. Federal Union of the Canadas. The Federation of British North America—The Services of Galt.

THE reconstruction of the provincial cabinet in 1854 was only the first of a series. In the four years that followed, six different administrations held power, or at least office. All but one of these, however, were Liberal-Conservative or Conservative governments. The changes were due not so much to wide fluctuations in party strength or party policy as to the rise and fall of personal fortunes, and to the continuance of the process of readjustment by which men both in parliament and in the country were finding new associations more adapted to interest or temperament.

The MacNab-Morin administration, formed in September, 1854, gave way four months later to the MacNab-Taché government. In May, 1856, the Taché-Macdonald administration succeeded, only to yield place after a year and a half, in November, 1857, to the Macdonald-Cartier cabinet. It is not necessary to recount the details of these cabinet shifts. The essential features were plain—the steady emergence of John A. Macdonald in Upper Canada and of George Etienne Cartier in Lower Canada }

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as the dominant figures in the province, and the close alliance which bound their fortunes together.

In Upper Canada Macdonald soon won unquestioned supremacy in his own party. Francis Hincks, the only man who might have challenged him, not only in general ability but in the art of managing men, soon passed off the scene. The charges of personal corruption brought against Hincks had not been fully sustained, but enough was suspected to make it difficult even in that day of slackening political standards for him to hold the post of highest honour. Negotiations were opened looking to his taking the presidency of the Grand Trunk, but before they were concluded the friendship of Lord Elgin brought him an opening more congenial because more remote from the scene of his recent trials—the governorship of Barbados and the Windward Islands. He remained in the imperial service until 1871, when Macdonald was to resurrect him to fill the gap left by Galt's resignation of the Finance Ministry. Sir Allan MacNab, Macdonald's nominal superior, lingered superfluous a year longer on the scene. Then Macdonald and his Hincksite colleagues combined to oust him, and after a pathetic protest the doughty knight bowed to his fate. Macdonald was now supreme. It was only two years later, in August, 1858, that the *Globe*, with the wish father to the thought, declared that "John A. Macdonald is about to retire to private life, a thoroughly used-up character." In spite of this cheerful obituary notice, he was to remain to dominate the scene for a full generation later.

In Canada East, Cartier soon established even more unquestioned power. Morin retired to the bench a few months after joining forces with MacNab, and Taché, who succeeded him, was only the nominal leader. Cartier, who entered the administration with Taché, soon crushed all effective opposition by his fighting courage and tireless industry, and brought to his friend and ally Macdonald

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an overwhelmingly and sorely needed majority from the eastern section of the province.

The coalition was strong not merely in its leaders but in its programme. It had inherited the policies of the old Liberal party. By its sudden acceptance of the popular will on all the main contentious issues of the day, it robbed the Opposition for the time of a constructive definite policy, and established its own place as a party of sober achievement.

In the first session under the new administration, in 1854-55, both the Clergy Reserves and the Seigniorial Tenure questions were at last laid to rest. The advocates of secularization had their way. In each section of the province the funds arising from the sale of the reserves were henceforth to be set aside for the use of the municipalities, in proportion to population. The vested rights of the existing beneficiaries were recognized by the grant of life pensions. So far there was practical unanimity. The Opposition, however, fought vigorously against a clause permitting the commutation of the pensions and the establishment in this way of an endowment fund for the several churches, but the majority in parliament and out alike regarded the concession as of little weight, and the bill became law virtually as introduced by Macdonald. The privileges of the seigniors soon followed the privileges of the church. All feudal rights and duties, alike of the seignior and of the habitant, were abolished. Generous compensation was awarded out of provincial funds, supplemented by a further vote five years later, when the Commission appointed to administer the Act found the first provision inadequate. Here, again, there was agreement upon the essential provisions, but the Canada West section of the Opposition attacked the financial arrangements as imposing a grossly unfair burden upon the western part of the province.

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Quite aside from the settlement of these two disturbing issues, the session of 1854-55 yielded a legislative harvest which made it rank with the 1849-50 achievements of the Lafontaine-Baldwin ministry. The ratification of the Reciprocity treaty with the United States and the establishment of a militia system, notable instances of the new powers and responsibilities self-government was bringing, will be discussed in later chapters. Courts, schools, municipalities, all were legislated upon, the franchise was extended, and the Grand Trunk was aided by another "loan" of £900,000.

The pace rapidly slackened. The session of 1856 yielded one measure of first importance, the reform of the Legislative Council upon elective lines. In the following session Cartier had the honour of providing for the codification of the laws of Canada East, which had become a medley of conflicting traditions and piecemeal statutes, and for decentralizing the judicial system of the same district so as to bring the courts within easier reach of the mass of the people. The financial woes of the Grand Trunk required constant care. In 1856 the government agreed to pay the interest on its whole bonded debt for five years, taking common stock in exchange, and to postpone the first mortgage held by the province to the other indebtedness of the company in order to permit it to raise fresh capital. In the following year the repayment of the provincial loan was made still more improbable by agreeing that it was not to be demanded until the bondholders were receiving six per cent. At the same time the embarrassing power of the government to appoint six directors, designed to give control, but really giving only ground for perpetual claims for assistance, was abandoned. Aside from these measures little constructive achievement resulted from the sessions of 1856, 1857 and 1858.

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As constructive achievement lessened, sectional controversy increased. When the MacNab-Morin administration was formed, it had a majority in both sections of the province, but it grew steadily weaker in the West and stronger in the East until party lines almost coincided with sectional lines. George Brown, now the leader of the remnant of Clear Grits and radical Reformers who made up the Opposition in Upper Canada, fought unceasingly against what he denounced as the unbearable domination of Lower Canada, and fought with such effect that his followers soon outnumbered Conservatives and Moderate Reformers combined.

The sectional conflict which now more and more overshadowed all other political issues, has often been considered as the outcome simply and solely of George Brown's restless ambition, uncompromising prejudice and demagogic appeals. Undoubtedly Brown gave the conflict much of its force and bitterness, but to fasten on him or any other man the blame for the unfortunate antagonism is to take a very superficial view of the situation. The root of the difficulty was the attempt to give to a single legislature the control alike of the general and of the local needs of communities so different as the two Canadas. The next factor was the compactness and unity of the French-Canadians, in contrast with the diversity of views and aims of their western neighbors. The irritation against the power which this cohesion gave Lower Canada was still further increased by the fact that Upper Canada was restricted by the Union Act to the same number of representatives as Lower Canada, even though rapidly outdistancing its competitor in population and still more in wealth. Here was material and to spare for a conflagration, although Brown cannot be acquitted of fanning the flames.

The main and general count in the case of Upper Canada against its neighbor was the failure to adjust repre-

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sentation to population. When asked whether any actual harm to its interests resulted from this unfair advantage and from the superior cohesion of Lower Canada, the champions of Upper Canada had many charges to make. First and foremost was the fact that at best it received only half the appropriations, while as was admitted even by Cartier and Macdonald, it contributed twice as much as Lower Canada to the provincial revenue. Specific instances of the undue favors secured by Lower Canada ranged from the few thousand spent on the walks of Durham Terrace in Quebec to the half million wasted on the Baby steam tug service on the Lower St. Lawrence, or the erection of lunatic asylums in Lower Canada out of provincial funds, while Upper Canada was compelled to resort to local tax for the same purpose. The Seigniorial Tenure measure illustrated the evils of the dual system. To compensate the seigniors for the abolition of their vested rights nearly four million dollars were appropriated. One million came from certain Lower Canada funds (though Brown declared that even this was a sham since these funds merely balanced other existing taxes in Upper Canada). For the balance the general funds of the province were drawn upon. Brown and the Clear Grits objected vehemently to helping the habitants of the east out of the pockets of the farmers of the west, and objected still more when the government promised that at some future date an equivalent expenditure would be made for the benefit of Upper Canada—"bribing Upper Canada with its own money."

The religious results of the "dominance" of Lower Canada were denounced still more strongly than the financial disadvantages. The acceptance of Separate schools in Upper Canada had been forced upon Hincks in 1850 by the pressure of Lower Canada, and thereafter scarcely a session passed in which amendments further entrenching the position of the Roman Catholic Church in the

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schools were not brought forward and supported by the same majority. Corresponding attempts to make the system of education in Lower Canada less clerical, by means of Upper Canada votes, failed. When in May, 1856, for example, Papin moved that one uniform non-sectarian system of common schools be established for the whole province, he was supported by the whole Rouge and Radical vote of Lower Canada, including Galt and Holton, as well as by the Clear Grits, but all told this resolution rallied only nineteen against sixty-eight votes. Another "religious" issue of less importance, but for the time the source of tremendous excitement, was the miscarriage of justice in the Corrigan murder trial early the same year. An Irish Protestant, Corrigan, had been foully murdered at a little fair in Canada East; the ruffians concerned were Irish Catholics, the judge and jury were French Catholics; the charge of the judge was open to serious question, and the verdict of the jury, "not guilty," a travesty of justice. The *Globe* outdid itself in adjectives, and an Independent Conservative, John Hilliard Cameron, whom MacNab had wished to succeed himself as premier, brought the matter up in the House in March, 1856, moving an address to the Governor-General for the production of the judge's charge. A majority of the Government's supporters from Upper Canada joined Brown's followers, and the motion was carried by a vote of sixty-eight to sixty-six. The Government sought to have the motion rescinded, but in vain; it had to be content with advising the Governor-General to decline to accede to the request, as infringing on the independence of the judiciary. The vote was at once a serious blow to the Government's prestige and an indication of the glaring possibilities of conflict.

Another source of sectional strife, but of a temporary character, was the dispute as to the location of the provincial capital. The recklessness of Montreal mobs in

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1849 cost that city the honour it had briefly enjoyed, an honour which but for that unfortunate outbreak it would have long retained. From that time the equal claims of Toronto and Quebec were satisfied by the expedient of holding sessions in each place for four years in turn. The practice had its good side, in that it brought French-Canadian members into close contact with an English-speaking community and English-speaking members into touch with their Lower Canada neighbors. But the expense and trouble of moving the government offices every four years soon convinced everyone that a permanent capital would have to be chosen. Then the fun began. Quebec, Montreal, Bytown, Kingston, Toronto, Hamilton, all had their advocates. In April, 1856, Quebec was given the honour by a vote of 64 to 56.¹ A month later a vote to provide for the erection of buildings at Quebec was carried by a good majority, but so far as Upper Canada was concerned a majority voted against the Government, a fact which afforded the cabinet members who were eager to unhorse MacNab a good excuse for resigning and thus forcing a reorganization with the gallant knight left out. The Legislative Council, not yet reformed, completed the confusion by throwing out the vote for the buildings. In the following session, 1857, the government solved the difficulty for the time by a resolution referring the choice of a capital to the Queen. This motion was opposed by the out-and-out friends of Quebec and by the upholders of Colonial autonomy. Galt took the latter position strongly. But the proposal to throw the matter open rallied the votes of Quebec's rivals, each

¹On previous motions the votes stood:

Quebec vs. Hamilton, 69-49.

Quebec vs. Toronto, 71-50.

Quebec vs. Kingston, 67-54.

Quebec vs. Montreal, 66-55.

Quebec vs. Ottawa, 77-43.

Galt, it may be noted, voted for Ottawa as against Quebec, but voted for Quebec on the substantive motion.

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confident that their cause would triumph at Westminster, if not in Canada.² The government's refusal to make the question a ministerial one and face the consequences of a vote indicated at once its insecurity and the force of sectional conflict. The question was of more importance than would appear on the surface, since the choice of a capital could not rightly be made without making a decision as to the plans for dissolving the union or building up a wider federation. The announcement of the Queen's decision in the following year, it will be seen, led once more to a serious ministerial crisis.

With sectional passions thus acute and with the shifts in party alliances still frequent, it was no wonder that politics took on an intensely bitter and personal note. The legislative debates, the newspaper articles and the stump speeches of this era bristle with personal abuse and shrieking adjectives in a way that our more polite and more lukewarm generation can scarcely conceive. 'Wretched trickster,' 'imbecile poltroon,' 'jackal,' 'cunning coon,' 'infamous traitor,' were the common coin of political debate. A staff correspondent of the *Globe* thus pictured a man with whom that journal had once acted and whom it was to endorse again before two years had passed: "Dr. Rolph is a sleek-visaged man with cold grey eyes, treacherous mouth, and lips fashioned to deceive. . . . Dark, designing, cruel, malignant, traitorous are the depths revealed to a student. His manners are civil and insinuating. A cold distrustful sneer or grin plays habitually about his oily lips, while at times glance

² "The reference of the question to the Queen was carried in the House of Assembly by a narrow partisan majority. People were induced to support it by positive assurance that their place would be chosen.—Quebec the place the Military authorities would choose, Montreal the commercial centre, Ottawa the compromise between Upper and Lower Canada, and Kingston the British place."—*Globe*, Aug. 2, 1858.

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forth expressions indicative of polished ferocity of soul, revealing the hard and stony depths beneath. In short, he is a kind of highly polished human tiger." Less labored, but equally effective, were the remarks on the floor of the House made by one statesman, premier of Canada, to another statesman, later premier of Ontario, "You damned pup, I'll slap your chops for you." An intensely exciting incident occurred in February, 1856, when George Brown, accused by Macdonald of inconsistency, retorted in burning taunts against his rival, to be answered by astounding, and as it proved baseless, charges of having when Secretary of the Penitentiary Commission in 1848 falsified testimony, "suborned convict witnesses" and "obtained the pardon of murderers to induce false evidence." In the same session a passage of epithets between Macdonald and Colonel Rankin, the member for Essex, led to fears that a challenge would follow; the Sergeant-at-Arms threatened to take both into custody, but they promised to take no further action. At the close of the session Macdonald sent a friend to tell Rankin that if he would venture to repeat outside of the House any of the injurious expressions used, he would issue a challenge, of course leaving Canada for the meeting, but thanks to diplomatic friends Rankin withdrew his charges, and the matter ended. A few years later, in 1861, a duel between Messrs. Morin and Dessaulles was averted only by the happy accident that the seconds had forgotten the bullets.

Still more serious was the canker of corruption which now made its ravages manifest. It began to develop at the very beginning of responsible government.^a During Baldwin's and LaFontaine's régime it made little headway, but unfortunately the men who came after them

^a*Globe*, July 11th, 1854.

^aDebates, April 21st, 1861.

^a"Sydenham planted the seed of jobbery and corruption here."
—*Montreal Gazette*, Dec. 1859.

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were men of weaker clay, or else the temptations of a speculative, railway-building, get-rich-quick era were stronger than those the earlier chieftains had faced. The railway legislation of the period left a slimy trail of bribery and connivance. In the manipulation of elections by force and fraud, in the use of public office to bribe electors and hold members firm, in the extravagant favors given friendly contractors, the fifties set an example which has been only too powerful in its effects on the later life of Canada. Hincks and Macdonald are men who deserve well of their country on many scores, but history must hold them more responsible than any other men for the low tone that has marked Canadian political life so long after their day.

In 1858, Galt, Cartier and Rose, presenting to the British Government a cabinet memorial in favor of the federation of the British North American provinces, summed up the situation in Canada:

"It is our duty to state that very grave difficulties now present themselves in conducting the government of Canada in such a manner as to show due regard to the wishes of its numerous population. The union of Lower with Upper Canada was based upon perfect equality being preserved between those provinces, a condition the more necessary from the difference in their respective language, law and religion, and, although there is now a large English population in Lower Canada, still these differences exist to an extent which prevents any perfect and complete assimilation of the views of the two sections.

At the time of the Union Act, Lower Canada possessed a much larger population than Upper Canada, but this produced no difficulty in the government of the United Provinces, under that act. Since that period, however, the progress of population has been more rapid in the western section, and claims are now made on behalf of its inhabitants for giving them representation in the legislature in proportion to their numbers, which claims, involving, it is believed, a most serious interference with the principles upon which the union was based, have been and are strenuously resisted by Lower Canada. The result is shown by an agitation fraught with great danger to the peaceful and harmonious working of our

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constitutional system, and consequently detrimental to the progress of the province."

When even the leaders of the party in power made this sweeping admission, there was no room for doubt that the situation was serious and that a drastic remedy would be required. That things could not long go on as they were had become apparent to not a few when the Liberal-Conservative coalition first began to find the going hard. It became still clearer with every year of strife and bitterness. Yet it was one thing to feel the need of change and another to see clearly and press strongly the sure and thorough-going remedy. In the ten years following 1856, plan after plan was proposed and urged with passion and persistence. It was to be one of the chief services of A. T. Galt to Canada that he was the first to bring into the field of practical politics the solution which was ultimately to be adopted. Representation by Population, Repeal of the Union, Separation of Executive and Legislature, the Double Majority system, Federal Union of the two Canadas, all were urged and all were found inadequate. Nothing short of Galt's plan of a federation of all the British North American provinces was to prove a sufficient and lasting solution.

The repeal of the Union was the simplest solution, the cutting of the Gordian knot. It was the first instinctive suggestion of men irked and irritated by the results of the Union experiment. It was characteristic that it was Papineau's policy in the late forties when Lower Canada was not enjoying its due share of power, and William Lyon Mackenzie's plan in the middle fifties when Upper Canada in its turn claimed that it was unfairly treated. With repeal, each province could go its own way, raising and spending its own revenues, and following the bent of its peculiar needs or prejudices. Mackenzie repeatedly brought forward in the House a

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motion in favor of Repeal, as "the only means of averting priest rule and financial bankruptcy from Upper Canada," and his *Repealer's Almanac* and his weekly *Messenger* urged the same policy outside the House. Occasionally Lower Canada members threatened to support the movement if Brown persisted in his "Rep. by Pop." campaign, but in reality Mackenzie found little support and by 1860 the movement had died away.

The fact was that if Upper and Lower Canada could not live together, they could not live apart.⁶ True as it was that each had distinct local needs and interests, it was equally true that they had common interests which could not be ignored. Repeal would throw their finances into confusion and bring worse bickering than ever over the division of customs duties. It would prevent the treatment of the transportation problem on a broad and comprehensive plan, and though the province was suffering at present from the excesses of what those responsible called a broad and comprehensive plan, and the critics termed extravagant and log-rolling planlessness, the net gains resulting from the union and the policies it made possible were patent. The proposal for repeal, again, ran counter to the new stirrings of national sentiment, the desire to count for something on the world's stage, the fear that repeal would leave the provinces more defenceless and shorn of the weight and prestige United Canada was coming to enjoy. The men who solved the difficulties of the day must face the future, not the past.

The case against this solution was conclusively summed up in a report on the various constitutional alternatives open, made in 1859 by a Committee of the Lower Canada Opposition, consisting of A. A. Dorion, L. T. Drummond, L. A. Dessaulles, and T. D'Arcy McGee: "We could not

⁶Malcolm Cameron, at Reform Convention, Nov. 9th, 1859, "A man and his wife might agree to separate but what were they to do with the children?"

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if we would revert to the state of things existing before the Union. . . . Although but little progress has been made in consolidating it by the fusion of the leading elements comprising our population, or by the assimilation of their laws or institutions, an enormous public debt for which the whole province is liable has been created and is represented by public works and common property equally necessary to both sections. . . . Equitable division of the debt would be difficult, if not impossible. The old difficulty of fairly apportioning the Customs revenue would revive in an aggravated form, proportionate to the larger and more complicated commercial relations developed since the union.”

A second solution, less widely advocated, but not without significance, was the proposal to separate the Executive from the Legislature. The first plan would have undone the work of the previous decade in achieving the union of the two Canadas. This plan would abandon one essential part of the other great achievement of the forties, Responsible Government. It was suddenly discovered that the presence of the members of the Executive in the Assembly meant that instead of the Assembly controlling the ministry, the ministry controlled and demoralized the House. Men rubbed their eyes when the *Globe*, long the champion of responsible government, attacked that policy: ‘It was an advance on the Family Compact, but it too has failed. . . . The limitation of the members of the Executive to strictly administrative functions, is required for the due discharge of departmental labours, whilst their exclusion from parliament appears to be the only effectual means of arresting the corruption which at present demoralizes the ministerial ranks. . . . The established tendency of Responsible Government has been to foster corruption, to undermine

Globe, Oct. 31st, 1859.

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parliamentary independence, and to vest the Executive with an influence and authority entirely incompatible with effective and economical government."⁸

This suggestion, too, was a looking backwards. Its advocacy came in the first place from that current of Liberal opinion which had always looked to the United States rather than to the United Kingdom as its model of democracy, though it was taken up for a time by Liberals of the British School like Brown. It required little discussion, however, to make it evident that cabinet government had come to stay and that whatever its drawbacks, it was greatly superior to the American system, with all the friction and lack of responsibility the latter involved. And, on second thought, politicians, so long as they had any hope of becoming ministers themselves in future, were not likely to persist in urging clipping ministers' wings.

Closely connected with this proposal was the demand for a written constitution which would limit the power of the government to incur debts and in other ways restrict its capacity for evil as well as for good. The recognition of the weakness of a too rigid constitution, driven home by the Civil War, soon killed the suggestion, and incidentally discredited all proposals to follow United States paths. Another variant was the demand, also based on Washington's example, that the time of assembling parliament should be definitely fixed, and public accounts submitted within forty days of its coming together. In moving for such a change on March 24th, 1855, Brown showed forcibly the evils of the existing system: in eleven years nine sessions of parliament had been held, and these nine had begun in eight different months. The result, he urged, was that nobody knew when the next session would begin, and members, petitioners, and promoters of private bills were at sea; often, too, the hot season

⁸June 8, 1859.

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found the legislature sitting, listless, with half its members in attendance. But it was replied that such a measure would interfere with the Royal Prerogative, and so to this day the cabinet has been left free to call parliament in any month it pleases, so long as the legislature meets at least once in each year. Finally, it may be noted that the reform of the Legislative Council on an elective basis, effected in 1855, in spite of Brown's strong but practically unsupported resistance, was an approach to the American system and really incompatible with Cabinet government.

Separation of Executive and Legislature was too abstract and theoretical a reform, if reform it was, ever to attract public support. Representation by Population or "Rep. by Pop." as it was familiarly known, made a much more direct appeal, and appeared to be the readiest means of overcoming Lower Canada's alleged baneful domination. It was easy to make the Upper Canadian voter agree that "three Frenchmen should not count the same as four Englishmen," and when in an unlucky moment Cartier, seeking to make the point that numbers were not all and that wealth should also be considered, declared that "the codfish of Gaspé Bay ought to be represented as well as the 250,000 Grits of Upper Canada," it was only necessary to shout "codfish" in Upper Canada, to make the welkin ring.

Lord Durham, it has been seen in an earlier chapter,⁹ foresaw shrewdly the troubles that would come if by the Union Act Upper Canada with its then smaller population, were to be given a fixed representation equal to that of Lower Canada. More short-sighted men ruled when the time came, and each province was given the same representation. In 1842 Lower Canada had 661,000 people

⁹Debates, House of Assembly, April 4th, 1861.

¹⁰Page 161.

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against Upper Canada's 486,000, so that it was greatly under-represented. Immigration rapidly offset this excess; by 1850 Upper Canada had forged ahead, and ten years later it had 850,000 more. The objection to under-representation naturally came first from Lower Canada, though it was never strongly presented. It is significant that in 1849, the last year that Lower Canada had a majority (assuming equal distribution of the gain through the decade between the census years), Papineau moved a resolution in favor of representation by population which only two members, Laurin and Chauvreau, both from Lower Canada, supported, and that in 1850, the first year of Upper Canada's majority, a similar resolution received nineteen votes, nearly all of Tory and Clear Grit Upper Canada members.

Rep. by Pop. was at first a Tory plank. In the years 1850-53, MacNab, J. A. Macdonald, Cayley, Gamble, J. H. Cameron and other leaders repeatedly voted for it. Brown supported the movement from his first entrance into parliament, and so did the Clear Grits. The accession of the Tories to office naturally changed their views, and equally naturally intensified the convictions of the Clear Grits. From that time on Rep. by Pop. was made the foremost plank in the platform of the Brown Reformers. It gained adherents steadily. In 1856 the annual motion in its favor was defeated by 71 to 22; from Upper Canada there were 25 nays and 17 yeas. By 1861 the vote stood 67 to 69 against; but the Upper Canada vote stood forty for to nine against.

Against this demand it was urged that the Union Act was a treaty, not to be changed by the will of either section; but such an argument, attempting to stereotype the constitution, and bind the future, found little assent. More effective was the claim that since Lower Canada had long been under-represented, Upper Canada should take its turn without complaint; agreed, replied the western-

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ers, but only for the same number of years—until 1857 at most. Macdonald based his opposition largely on the ground that as a Conservative he must resist it, as it led logically to universal suffrage, and *that*, he must oppose with all his might; unless there was a middle power, unless property was protected and made one of the principles on which representation was based, they might perhaps have a people altogether equal, but they would soon cease to be a people altogether free. But the really solid argument was Cartier's contemptuous conclusion to all debate: "Call in de membr'."

The justice of the Upper Canada demand in itself soon became undeniable. Yet many even of its strongest adherents soon came to realize that its attainment would not entirely mend matters. There would still be a minority and majority in both sections and the possibility of local legislation being passed for Lower Canada by an Upper Canada majority, and, if more rarely, for Upper Canada by a Lower Canada majority. While not abandoning the demand, they came to see that at least they must supplement it by a wider policy. "It is admitted," declared Galt in 1858 (July 5th), "that it is impossible to say to Upper Canada that larger population is not to bring larger representation, but it is equally true that Lower Canada has feelings and prejudices which could not be overridden. If Mr. Brown were in power to-morrow he would have to rule Lower Canada by Upper Canada votes or swallow his principles."

The Double Majority was John Sandfield Macdonald's and Cauchon's panacea. This policy aimed at averting discontent arising out of the interference of members from one section in the purely local affairs of the other, by laying down the rule that no legislation affecting one section alone should be passed unless there was a majority from that section in its favor. It would be necessary,

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therefore, for the administration to possess a double majority; it would be drawn from the groups having the majority in each section.

This proposal really looked to the extension of the quasi-federal element in the existing legislative union,—to setting up two assemblies in one. Ever since the union a sort of bastard federalism had been growing up. The recognition of the separateness of the two sections of the province involved in giving both equality of representation, irrespective of their population, was the starting point. The ministries soon reflected the same compromise: throughout the union period there was not one homogeneous cabinet, but to some extent a union of two cabinets, with two premiers—if the contradiction in terms is allowable, or at least two heads of the sectional groups—and with an Attorney-General West and an Attorney-General East. The judicial and legal systems of the two sections remained separate. Every session laws were passed applying to one section only. It seemed, therefore, logical to urge that this principle should be carried further, and two majorities recognized.

Precedent was cited to back the logic. It was recalled that Baldwin had resigned in 1851 when a majority of Upper Canada members had voted against him, though others declared that this was only the occasion, not the cause, of his retirement. "Hincks retired in 1854," continued J. S. Macdonald on one occasion, "because he had not the confidence of his own section. The government which followed felt equally the importance of having the system of double majority retained and hence resulted the coalition. Till 1856 the same views were expressed. Sir Allan MacNab was ousted by an intrigue and a ministerial crisis created on the ground that the Upper Canada section of the government had lost the confidence of Upper Canada. . . . Then came reconstruction and the abandonment of the Double Majority principle, and there-

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after misgovernment." On the occasion of the crisis of 1856 referred to, John A. Macdonald gave notice of a motion "that while the principle of a double parliamentary majority is not recognized by the constitution, this House is of the opinion that any attempt at systematic and continuous legislation affecting one part of the province contrary to the expressed will of the majority of the representatives of that section would be fraught with evil consequences to the well-being of the province and productive of much injustice."

Yet the common sense of the House refused to adopt this device as a principle. The difficulty of drawing the line between the local questions where it was to apply and the common interests where it was not to apply, and the demoralizing effect of alliance between groups which might be of quite opposite principles, were strongly pressed home. (Here again the statesmanlike memorial prepared in 1859 by the Lower Canada Opposition sums up better than any other expression of opinion the conclusive objections to the plan: "The impossibility of clearly defining the cases to which the double majority should apply and of distinguishing them from those to which it should not is felt by all, but were it even possible it would only lead to new phases of difficulty, by compelling majorities professing opinions and principles diametrically opposed to each other to unite and thereby effectually to extinguish the influence of the one or the other minority or both. It is difficult to conceive one single legislature composed of two majorities and two minorities, these two majorities without any identity of principle acting nevertheless together by common consent so as never to trespass the one on the other and so that each section of the province would always be governed by a majority of its representatives. On many questions this could not be carried out without alternately forcing the majority of the representatives of each section of the province to

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abstain from voting, or to declare themselves in favour of measures which their judgment or conscience would disavow. The complication of such a system, amounting to nothing short of an application of the federal principle to a single legislature, would render it impracticable."¹¹

Conclusive proof of the soundness of this criticism was given in 1863, when the arch advocate of the double majority, John Sandfield Macdonald, found himself, when in office, compelled to throw the principle overboard and to carry his most contentious and important local legislation—a separate school measure affecting only Upper Canada—by the votes of the other section.

The federal union of the two Canadas was first formally proposed to parliament in April, 1856, by A. A. Dorion, as leader of the Lower Canada Opposition, after consultation with his lieutenants, Galt and Holton. W. L. Mackenzie had moved a resolution in favor of repealing the union, and the annual Rep. by Pop. demand had also come before the House. Dorion declared he agreed that the union could not long remain on its present footing. "I see," he continued, "Upper Canada more and more committed to Representation by Population, and cannot complain. It would not be fair and just for Upper Canada to have only equal representation when it had half to three-quarters of a million more population. . . . It is our duty to see whether there is not some other way to meet the difficulty, which lies in the nature of the existing legislative union. . . . There would be no difficulty in getting the people of Upper and Lower Canada to set up a general legislature with control of commercial interests, railway interests, public works and navigation, while at the same time education and matters of local character

¹¹Loc. cit.

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might be left to local legislatures. . . . I do not think a federal union of the British North American provinces at present desirable. . . . Federal union is best; that failing, I should favor Representation by Population."¹²

Dorion's suggestion met little support for the moment. Later it received the adherence of a large part of the Upper Canada Opposition, and Brown, in advocating it, successfully, at the great Reform Convention in November, 1859, declared that it would probably have been adopted by the short-lived Brown-Dorion government in 1858 had they been given time to mature their policy.¹³

The policy possessed undeniable merits. It went to the root of the difficulty by proposing to take away from the legislature in which both sections were represented control over those distinctively local issues which were the chief source of friction. Yet if it was good, the wider policy of federation of not merely the two Canadas but all the British North American provinces was better. The reasons for the persistence of both Brown and Dorion in adhering to the narrower programme, one nearly, and the other quite to the end,—aside from the natural pride and attachment to one's own first ideas—were twofold. In Upper Canada it was believed that owing to the number of provinces to be consulted and the diversity of interests, the wider union could not possibly come about for many years, so that it was not a remedy for the pressing and immediate ills of Canada itself. The objection had weight; as will be seen, it did take eleven years after Dorion first advocated federation of the two Canadas to bring about the larger scheme, and even this success would not have been possible but for the added factor of military danger from the south. Lower Canada, again, feared that in a union of all the provinces the French Canadians would be swamped in the federal parliament

¹²Debates, April 25, 1856.

¹³*Globe*, Nov. 11th, 1859.

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by the overwhelming majority that the four or five English-speaking provinces would enjoy.

The final solution was that of the federation of all the British North American provinces. It was not a new idea. It might occur to any politician of imagination with a map before him and the example of the United States in his mind. It was urged, notably, by the Loyalist Chief Justice Smith and his son-in-law and successor, Sewell. In the twenties, men so wide apart as John Strachan and William Lyon Mackenzie gave it fleeting advocacy. Lord Durham put the case for a wider union strongly, though in his advocacy of a legislative rather than a federal union he followed a blind trail. The British American League in 1849 put it forward as an alternative to annexation. Yet it remained a dream. Neither the time nor the man had come.

The time had not then come. Men of the Anglo-Saxon breed, at least, are not accustomed to make sweeping changes in constitutional matters on abstract grounds, however strong. Not until concrete difficulties have arisen, until the old system has proved unworkable, can the advocates of the new find a hearing. They will not exchange good for better. Now that conjuncture had arrived. The breakdown of the existing legislative union was too patent to be denied. Men might differ for a few years in their diagnosis, or might contend that merely personal and not organic changes would suffice to bring the betterment desired, but at least they must give the plan a hearing. Later, as has been noted, the fear of war with the great Republic to the south was to give new insistence to the problem and new force to the federal solution.

The man had not come. Now he had arrived. It is A. T. Galt's chief title to the grateful memory of future

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generations of Canadians that at the critical juncture he was ready to bring forward the only abiding solution. It is not implied that Galt did more to bring about Confederation than the other men who share with him the honour of being numbered among the Fathers. There is no need to make invidious comparisons, for there is glory enough to go round. What is beyond question is the fact that Galt took a peculiar and essential share in the movement. By his advocacy in 1858 he brought the question once for all into practical politics, and went far towards committing at least one great party to its support. By winning over Cartier, he removed what might otherwise have proved an insuperable barrier—the opposition of Lower Canada to a proposal which would greatly reduce the relative importance of French Canada in the union. By linking the federation scheme with the growing demand for incorporating the vast west in Canadian territory, he gave added strength to both movements. And when the time came for hammering the vague dream of federation into a workable scheme, he once more contributed important factors.

Galt's training and temperament were such as to make him peculiarly fitted to perform this service. He had an interest in general ideas, a readiness to take far views, an impatience with the personal controversies that engrossed other men, which prepared him to take up a proposal for sweeping change at the initial stage. The very characteristics which militated against his success as a leader of a political party made him more inclined than men absorbed in the opportunist work of the moment to commit himself to broad programmes of action. Again, his position as a representative of the English-speaking minority in Lower Canada made him able to understand the point of view of both Upper Canada and his French-Canadian compatriots, and at the same time kept him from adopting either the "Rep. by Pop." cry of the one

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or the "J'y suis, j'y reste," tactics of the other. And not least, his railway experience had led him to see both how possible it would be to connect the Canadas and the Lower Provinces by rail, and how effectual such a connection would prove in bringing about the frequent intercourse and the mutual understanding necessary for the making of a nation.

The session of 1858 was notable for the full discussion of the various solutions offered of the constitutional angle. In May, Joseph Thibaudeau moved a resolution for the adoption of the Double Majority. In July, Malcolm Cameron's motion to establish "Rep. by Pop." led to a long debate. During the discussion of these motions, which were both substantially defeated, the advocates of repeal and of written constitutions also found occasion to voice their views. Finally, on July 5th and 7th, Galt secured an opportunity to present the resolutions in favour of Federal Union of which he had given notice early in the session.¹⁴

Galt's case for federation was presented in part during the debate on "Rep. by Pop." and in part in moving his own resolutions. Naturally he gave first place to the contention that a federal union would provide a solution of the constitutional difficulties of the province, by removing to local legislatures the most contentious issues. He did not content himself with this negative recommendation,

¹⁴ "I would now move that the House resolve themselves into Committee of the Whole to consider the following resolutions:

1. That in view of the rapid development of the population and resources of Western Canada, irreconcilable difficulties present themselves to the maintenance of that equality which formed the basis of the Union of Upper and Lower Canada, and require this House to consider the means whereby the progress which has so happily characterized this province may not be arrested through the occurrence of sectional jealousies and dissensions. It is, therefore, the opinion of this House that the Union of Upper and Lower Canada should be changed from a Legislative to a Federative Union by the subdivision of the province into two or more divisions, each governing itself in local and sectional matters, with a general legislative government for subjects of national and common in-

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but proceeded to show how desirable federation would be in itself. It would greatly widen the area within which trade might be carried on without restriction—give a free trade area as great as that which had so materially contributed to the prosperity of the United States; each section had resources which would admirably supplement the others. It would give more than commercial prosperity; it would bring national strength and national prestige. He believed “that the people desired to be a nation, and they could only be so by adopting some such plan.” If 3,500,000 colonists were united there would be no danger that their interests would be disregarded by Great Britain, and no danger of attack from the United States. “It is the old story of the bundle of sticks,” he declared, “the provinces now are liable to be every one of them broken in detail by the United States, while united they would withstand any power on the continent.”

Turning to the North West, then much in the public eye, thanks chiefly to the persistent campaign of George Brown, who manifested herein that constructive side of his nature which never found adequate expression, Galt showed how great was the opportunity and how necessary was the federal solution as the means of grasping it. “The Province of Canada,” he declared, “was the foremost colony of the foremost empire of the world, and able to

terest; and that a Commission of nine members be now named to report on the best means and mode of effecting such constitutional changes.

2. That considering the claims possessed by this province on the Northwestern and Hudson's Bay territories and the necessity of making provision for the government of the said districts, it is the opinion of this House that in the adoption of a federative constitution for Canada means should be provided for the local government of the said territories under the general government until population and settlement may from time to time enable them to be admitted into the Canadian Confederation.

3. That a general Confederation of the provinces of New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island with Canada and the Western territories is most desirable and

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exercise a prodigious influence on the future of the continent, but instead of thinking of the future the House had spent three or four months in disposing of matters which, without meaning any disrespect, he thought might have been disposed of in as many weeks. . . The House ought to assume the responsibility of occupying that great empire. . . that region ten times as large as the settled heart of Canada, a thousand miles long by seven hundred broad and capable of sustaining thirty millions of souls. Such a thing had never yet occurred to any people as to have the offer of half a continent. . . The door should be opened for the young men of Canada to go into that country, otherwise the Americans would certainly go there first. . ." What political arrangements would the acquisition of that distant territory involve? "If the territory were assumed now it would fall under the management of the Crown Lands Commissioner, who no doubt would do the best he could for its organization, but such an agency was not calculated to govern such a territory. Men who went to settle there must have a chance to make a name and identify themselves with something in the new country. . . If I refer to these things it is to point out that under the present system it is not possible to assume the government of that territory, while if federal government were set up a local government might be given to the people of the Red River or any other locality, and they might be welcomed into

calculated to promote their several and united interests by preserving to each province the uncontrolled management of its peculiar institutions and of those internal affairs respecting which differences of opinion might arise with other members of the Confederation, while it will increase that identity of feeling which pervades the possessions of the British Crown in North America; and by the adoption of a uniform policy for the development of the vast and varied resources of these immense territories will greatly add to their national power and consideration; and that a Committee of nine members be appointed to report on the steps to be taken for ascertaining without delay the sentiments of the inhabitants of the Lower Provinces and of the Imperial Government on this most important subject."

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Union with Canada, which would form a bond of material strength between all the parts of the federation. . . . We could offer immigrants a great opportunity. . . Half a continent is ours if we do not keep on quarrelling about petty matters and lose sight of what interests us most."

It is interesting to note how little support from the leaders of parliament Galt received at the moment. Neither Macdonald, Cartier nor Brown spoke on the resolution. Only one member, Playfair, gave it full support; he declared that he had long favoured such a step and had so spoken at the British American League meeting in Toronto nearly ten years before. Turcotte agreed that the idea merited discussion. Drummond, who had recently left the cabinet, believed federation would come eventually, and looked on it as desirable because a step towards independence. But it was not possible until England had built a railway to the eastward, and the colonization of the Hudson's Bay territory was a dream which could not be realized for a great length of time. Sicotte opposed Federation on the same ground,—that it would lead to independence. Dorion admitted it might be needed in a century. There was no menace requiring defence. We knew nothing of the other colonies and had no trade with them. He was ready to consider federal union of the two Canadas or even Representation by Population if Lower Canada were given proper safeguards for its religion, language and laws. Cauchon opposed it strongly; as for defence, Canada was protected by England; the Maritime Provinces would only use Canada's money to build local public works. Merritt was also decidedly opposed; the colonies were too isolated to be brought under a single government.

Clearly the proposal would not have plain sailing. There was no great competition then for the honour of being one of the Fathers of Confederation. The resolution would undoubtedly have been overwhelmingly de-

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feated had they come to a vote. But before that opportunity offered, a sudden crisis in the ministerial fortunes had both blocked the path of all unfinished business, and opened up to Galt a way of advancing his cause from within instead of from without the cabinet councils.

CHAPTER IX

Party Changes and the Federation Proposals

Personal Changes—The Seat of Government Crisis—Galt Offered the Premiership—The Cartier-Macdonald Ministry—Galt's Federation Policy Adopted—Negotiations in England—The Issue Postponed.

THE chief constitutional reforms proposed in this stirring time have been reviewed. It is, however, essential to bear in mind that until the very eve of the triumph of the federation movement there was a powerful group, both in parliament and in the country, which denied the need of any organic change whatever. John A. Macdonald, the greatest figure in this group, was inclined to minimize the evils of the existing regime, and to believe that such difficulties as did exist could be met by personal rather than by constitutional changes. His attitude was in part due to the fact that he was in power for the greater part of this period, and therefore more prone than hungry opposition leaders to believe that all was well with the world. It was based also on deep-seated traits of character and on consciousness of his power over men. Macdonald was never the man to take up a policy in its pioneer stage, or to agree to changes until the impossibility of making the old system work had been overwhelmingly demonstrated. He showed always what his friends called a wise practical opportunism, and his critics, who later dubbed him "old To-morrow," called hand-to-mouth procrastination. True, the existing ma-



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chinery was creaking badly, but it had not entirely broken down, and a master mechanic could manage to get a few kicks out of the old engine yet. [It was characteristic of Macdonald that he was the last of the big men of his province to be brought to see the need of the federation policy, and characteristic also that he was the most indispensable in getting it through when at last converted.]

Throughout this period, therefore, Macdonald persisted that all was well with the province, save for the perversity of pestilent agitators and the dangerous rivalry of opposition leaders. To remove the objections to the existing system he sought to win over the objectors. "Sir John Macdonald could truly say at the end of his days," declares his biographer, "that he had the proud satisfaction of knowing that almost every leading man who had begun political life as his opponent ended by being his colleague and friend."¹ Until Confederation brought a certain fixity, the parties in opposition to him were continually finding that their leaders had joined forces with the tempter, and that they were compelled to face anew the task of building up their organization. All through the period under review the skilled hand which had detached the Baldwin Reformers and the French-Canadian leaders from their old allies, and was in future to captivate a notable share of the Reformers who unwarily entered into the coalition government that carried Confederation, was busy making new combinations to stave off the inevitable day.

In Upper Canada a notable instance of this policy was the sudden accession, in 1858, to the ministerial ranks, and to the cabinet, of Sidney Smith, who had hitherto been one of the Opposition stalwarts. Even Malcolm Cameron, one of the founders of the Clear Grits, gave the ministry an independent support during this session.

¹Pope, *Memoirs of Sir John Macdonald*, vol. I, p. 184.

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Early in the same year John A. Macdonald proposed to his brother clansman, John Sandfield Macdonald, to give three seats in the Cabinet to him and two other Reformers—"not Grits"—and though John Sandfield declined the offer in the famous laconic telegram, "No go," it was apparent that the negotiations had not been without hope.

In Lower Canada the administration was overwhelming in numbers, but its opponents were stronger in individual ability. In the session of 1857, a decided coolness had grown up between Holton, Dorion and Galt on the one hand, and Brown on the other. It was based on their dislike of the lengths to which Brown was carrying his campaign against 'Lower Canada domination', and on their resentment of his criticism, especially of Galt and Holton, in connection with Grand Trunk matters.

Brown had been closely associated with Galt, Holton and J. A. Macdonald in 1852 when they were opposing the attempt of the English contractor-promoters to secure the charter and government guarantee for the Grand Trunk Railway. When their opposition had proved unavailing, Galt and Holton, who were not then in Parliament, made the best terms they could, but Brown continued to fight. The financial difficulties of company and contractors, and the consequent necessity of applying again and again to parliament for aid brought the company into bad odor in Canada, and Brown endeavored to make his political enemies bear their due share of this disfavor. Hincks, as the recipient of what was alleged to be a bribe of £50,000 from one of the contractors, Sir Morton Peto, and Cartier, as the salaried solicitor, first of the contractors and later of the company, were the chief objects of his criticism.

But Brown's muckraking zeal did not stop here. In May, 1857, as Chairman of a special Committee appointed to investigate "the condition, management and

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prospects of the Grand Trunk Railway Company," he made a strong attack upon Galt. He made the accusation or insinuation that Galt was chiefly responsible for the exaggeration and failure of the Grand Trunk project, that he had misused his position as Grand Trunk director to secure for his firm unfairly high terms for the Sarnia contract and for himself huge profits on large blocks of stock in the Montreal and Portland roads on which he held an option, and which were unloaded upon the Grand Trunk at preposterously high prices. (Galt at once met the attack, and by a thorough cross-examination of the chief officials of the old St. Lawrence and Atlantic, and the production of all the official correspondence demonstrated the absolute groundlessness of the charges. It was shown that the calculations as to earnings and profits contained in the prospectus were based on investigations carried on in Canada by the Chief Engineer, A. M. Ross, during the previous year, that Galt's tenure of office as a director of the original Grand Trunk had been only nominal, as he never took his seat at the directors' table, that the contract for the Sarnia road was made with independent representatives of that company and was varied in consequence of changes in the specifications, that this part of the Grand Trunk was pronounced to be beyond criticism by every engineer who inspected it, that the optioned St. Lawrence stock held by Galt was taken for the purpose of facilitating the negotiations and was sold for the Company's benefit at the option prices, that the recompense made for his services by the St. Lawrence and Atlantic and Atlantic and St. Lawrence stockholders whose agent he was, instead of being prodigious, was unduly small, and that during the negotiations he never dealt in a share of the old company. This answer did not silence Brown, but it convinced the public that Galt's honour was still as stainless as before.

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Later in the session Brown crossed swords with both Galt and Holton because of their support of the government bill for the relief of the Grand Trunk. Both men, on deciding to adopt a political career, had severed fully and fairly, as their private papers show, all connection with the railway, either as contractors or as stockholders, with the explicit purpose of leaving their hands free to deal with any railway issues that might arise in Parliament. Brown refused to believe that their support of the relief act was disinterested. Dorion, who had also supported the government's policy, came in for less violent attack.²

At once Macdonald saw the opening. During the recess of 1859, he negotiated with the Lower Canadian Opposition leaders, and especially with Dorion, to whom

²Debates, May 12, 1887, Brown: "There was once a time when the honorable gentleman (Mr. Holton) opposed the Grand Trunk as strongly as I did, but that opposition ceased when he got a Grand Trunk directorship and a Grand Trunk contract. There was a time when he professed to act with the Opposition, but his conduct on this question has done more injury to the Liberal party than has been done it by all the efforts of our opponents."

The *Globe* amplified the charge next day: "It has been abundantly evident almost since Mr. Holton entered Parliament that his political associations have been subservient to his relations as an advocate of the Grand Trunk. He and his partner Mr. Galt have taken no share this session in the warfare of the Opposition, but have on the contrary been ready to cheer the government and aid them in all their measures."

Holton replied vigorously in the above debate: "The honorable gentleman has already ventured to read me out of the Liberal party and he has now repeated that operation. I was a Radical Reformer before the honorable gentleman saw this country and before the *Globe* had an existence, and I presume I shall continue to be a Radical Reformer long after that sheet has ceased to vex the Liberal party with its intolerable bigotry. (Encore! Encore!) He has stated that I was at one time in opposition to Grand Trunk policy at its inception; that is true, but the difference between the honorable gentleman and myself is this, that I have learned to accept what was inevitable and to bow to the will of the majority, and we are now dealing with the consequences of that majority's policy. It is bootless now to enquire who was right and who was wrong at the commencement of the Grand Trunk. I believe I was as good a prophet as any one. But the question now is what is to be done to save what we have advanced."

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he offered a Cabinet portfolio. Dorion hesitated, but at last declined. Holton approved the decision,³ but Galt thought it unwise.

{ Galt was in fact drifting steadily away from his former political allies. Party ties at no time held him strongly. Now he was no longer bound to the Rouges by strong common principles. } The democratic programme he had endorsed had already been adopted in the two instances he had most at heart, the secularization of the reserves and the abolition of the seigniorial tenure. He had long since given up the belief in annexation which in earlier days had been a Rouge plank. Only in his hostility to ecclesiastical domination was he still Rouge in opinion, and at the time this question was not to the fore. And now, with the strong attacks of Brown fresh in memory, personal ties were going the way of ties of common principles.

Macdonald, with his usual acuteness, notes the transition in a half jocular letter:

Toronto, 2nd November, 1857.

My dear Galt:

. . . You call yourself a Rouge. There may have been at one time a reddish tinge about you, but I could observe it becoming by degrees fainter. In fact you are like Byron's Dying Dolphin, exhibiting a series of colours—"the last still loveliest"—and that last is "true blue", being the colour I affect.

Seriously, you would make a decent Conservative, if you gave your own judgment a fair chance and cut loose from Holton and

³Holton writes to Galt, in 1857:

Sept. 2nd . . . Have you and I any particular inducement to assist in playing the Opposition's game after the treatment we received last session? On the other hand, we cannot support the government unless important modifications take place.

Nov. 14th . . . My aim is to prevent any new men passing to the government, and thereby compel them to resort to a broader measure of reconstruction than is now contemplated, or to put up with the small men of their own party.

Nov. 22nd . . . I do not believe I could have influenced Dorion's decision. At the same time I am bound to say it was right.

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Dorion and those other beggars. So pray do become true blue at once: it is a good standing colour and bears washing.

Yours always,

JOHN A. MACDONALD.

It was not surprising, therefore, that in the elections of 1857 Galt announced that he would stand as an independent, and denounced the Upper Canada Opposition.⁴ He was again returned for Sherbrooke by acclamation. When the House met, it was found that in Lower Canada the Rouges had been reduced to a mere handful, even Dorion himself as well as Holton being beaten, though in Upper Canada the Opposition had scored. (Galt did not at once pass to the Government side.) He took his seat on the cross-benches and opposed the government forces when they refused an adequate inquiry into some colossal election frauds in Quebec city. Yet in the debate on the Address he showed a decided leaning towards the ministry: "If the government were defeated," he declared,⁵ "Mr. Brown would be called on, but it would be impossible to govern the country with his views. Neither J. S. Macdonald nor Mr. Dorion could hold a seat with Mr. Brown. . . . He would not for one moment attempt to become the defender of the government; he was not a supporter of theirs. Yet his view was distinctly at the moment that it was not desirable that any change in the government of the country should take place, and he would not vote against them on what he considered a want of confidence amendment."

Two comments on this speech may be cited. Speaking later the same evening Brown shrewdly retorted: "It edified me to hear the honorable gentleman talk of extreme views. What a charming picture of candour and modera-

⁴*Globe*, Dec. 11th, 1857: "We are very happy to find from the government organs that Mr. Galt has repudiated the Opposition, since it will save the Opposition the trouble of repudiating him."

⁵March 8th, 1858.

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tion he drew of himself sitting on that cross bench! . . . Is it possible that the honorable gentleman in the midst of these dire hatreds that he painted was seeking to build up a position for himself as the *juste milieu* in the next crisis? Does the honorable gentleman already fancy himself sent for, and with a soft word for this side and a soft word for that he might manage to patch up a new coalition!"

Holton took the evident separation more to heart:

Montreal, March 10th, 1858.

My dear Galt:

As your speech of Monday night is an event not only in your own career but in the politics of the country in regard to which I cannot if I would maintain silence in my intercourse with others, it is due to the frankness of friendship that I should at the earliest possible moment reveal to you the feelings it has awakened and the opinions I have formed both as to the soundness of the position you assumed and the probable effect on your interests as a public man of the step you have taken.

I read the speech as reported in the *Globe* when I first came down this morning, and for hours it had the effect of some great calamity, some sudden bereavement in depressing my spirits. I felt and I still feel like throwing politics to the dogs.

. . . You refuse to confirm the commercial policy we have all of us advocated because it might turn out the men we had all up to Monday night opposed, and opposed mainly because they would not adopt that very policy, . . . When we were together in Toronto last week I understood that you proposed taking perfectly independent no-party ground, voting on each question as it arose, regardless of whom it might put in or keep in, but it strikes me you have gone quite beyond that and become a pronounced ministerialist. That is an easier position than the other. Indeed, I question whether it could be maintained for a fortnight. . . .

I regret your separation from a party with which I must from sincere conviction continue to act, for the sake of the party that can ill afford to spare your talents; for my own sake, not only because of our past associations but because I have looked to your speedily attaining the high position in the country to which your talents are fitted, through that party thus possibly benefitting myself as a humble member thereof, and for your own sake,

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because I believe you will be exposed to a great deal of unmerited obloquy.

Always faithfully yours,
L. H. HOLTON.

The shock which crystallized Galt's decision to join the Conservative party came with the defeat of the government on the question of the capital. In 1857, after the defeat of the proposal to make Quebec the permanent capital, the Taché-Macdonald government was afraid to make the question a ministerial one: they could only please one city and would displease four or five. Accordingly they adopted the ingenious device of passing a resolution requesting the Queen to choose among the rival cities. At worst, the proposal would postpone the decision for a session. At best it might quell altogether the objections of the disappointed claimants, since criticism would then become 'disloyalty'. And meanwhile there was nothing to prevent the government or its leading members making privately what recommendation they pleased. No one in administrative circles really imagined that Queen Victoria or the Colonial Secretary, Labouchère, would attempt to make an independent choice in a matter which required so much local knowledge, and a matter in which such knowledge was sadly lacking in England, to judge by a ponderous pronouncement from the London *Times* in favor of Montreal, based on the assumption that Montreal was in Upper Canada! The decision was really made on the advice of Sir Edmund Head, acting with what degree of independence it is not possible now to say. By whomsoever made, the choice has been ratified by the judgment of succeeding years as a wise one. Ottawa was still 'a backwoods village', but its position on the border line between Upper and Lower Canada made it to some extent a compromise and its distance from the United States border increased its military security.

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If posterity has expressed content, not so the men of 1858. The Opposition at once saw an opportunity to rally against the government all the disappointed sections. An amendment moved by M. Piche, "that in the opinion of this House the city of Ottawa should not be made the seat of government of the province," was carried by sixty-four votes to fifty. Brown followed up this opening by moving the adjournment, as a distinct expression of want of confidence in the ministry. This motion was rejected by a vote of sixty-one to fifty, but the Upper Canada majority against the government was unusually large and two days later, on July 29th, the ministry resigned.

Then followed an episode which gave rise to controversies and recriminations that echoed for years—the rise and fall of the Short Administration, the two-day cabinet of Brown and Dorion. Upon receiving the resignation of Macdonald and Cartier, Sir Edmund Head sent for Brown, as the leader of the Opposition, to invite him to form a new government. Brown consented, and after a few days' negotiations, succeeded in organizing a strong administration.⁶ The new ministers, upon accepting office, at once resigned their seats, according to established custom, in order to present themselves to their constituencies for election. During their absence, in defiance of constitutional precedent as well as ordinary courtesy, a vote of want of confidence was moved by

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Brown-Dorion Ministry

<i>Upper Canada</i>	<i>Lower Canada</i>
George Brown, Premier and Inspector-General.	A. A. Dorion, Commissioner of Crown Lands.
J. S. Macdonald, Attorney-General West.	L. T. Drummond, Attorney-General East.
James Morris, Speaker, Legislative Council.	L. H. Holton, Commissioner of Public Works.
M. H. Foley, Postmaster-General.	F. Lemieux, Receiver-General.
Oliver Mowat, Provincial Secretary.	J. E. Thibaudeau, President of the Council.

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Hector Langevin and J. B. Robinson and carried by a large majority. Brown at once requested the Governor-General to grant a dissolution, but the governor, as he had intimated after Brown had accepted his invitation, though before the negotiations were completed, refused to grant it. There was nothing for the new ministry to do but resign.

At once the flood gates of denunciation were opened. The governor was accused of secretly conspiring with Macdonald, who had been surprised at Brown's success in forming a ministry, and of aiming to make himself a second Metcalfe. Brown, on the other hand, was attacked as greedy of power, rash and reckless in ever attempting to form a ministry knowing that he faced an almost solidly hostile Lower Canada. The charges of conspiracy brought against the Governor-General were partisan exaggerations; Head, whatever his failings, was a man of honour. Nor did he exceed his constitutional privileges in refusing to accept the advice of his new ministers to grant a dissolution; a Governor-General may always disregard the advice of his ministers, provided he can find, as Head soon found, new ministers willing and able to support the contrary policy. Yet it is clear that Head was actuated by a strong partiality for Macdonald, with whom he was on terms of intimate personal friendship, and by a strong prejudice against Brown. His assertion that there was no ground for holding a new election, since there was no indication that the Opposition would obtain a larger vote than they had won the year before, was hardly borne out by the hesitation of the Cartier-Macdonald ministry later to face the country, which led to the famous Double Shuffle. Brown, it cannot be denied, was ambitious to hold power, but no more so than Macdonald or Cartier, and no more than his capacities and his influence in Upper Canada warranted. It was unfortunate that he was not given an opportunity to

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exercise the great constructive powers which he undoubtedly possessed, instead of relapsing into more violent opposition than ever. Whether he could have found a working basis of agreement with his Lower Canada colleagues which would have permitted them to secure support in both sections was doubtful. The fact that in the few days of cabinet negotiations Brown and the Lower Canadian leaders came so close to working out a compromise on the chief sectional issues was at once a condemnation of the failure in the past of the two wings of the Opposition to find common positive ground, and an augury of good promise for their future.'

Upon Brown's resignation, the Governor-General tried a new tack. The strong partisan chiefs had failed: why not seek an independent who could draw strength from the moderate men of all groups? There was no question as to who that independent leader would be. In his five sessions of parliamentary experience Galt had made his mark. He had distinctly impressed the public by his breadth and sincerity of view, his judicial fairness and his financial acumen. His championing of federation, while it had as yet won few out-and-out adherents, had increased his prestige. In the House his unfailing kindness, tact and bonhomie had won him many personal friends. It was accordingly to Galt that Sir Edmund Head next turned, inviting him to endeavor to form a ministry.

No man could receive such an invitation without a

⁷The constitutional programme included consideration of a federal union of the two Canadas and of representation by population with safeguards for Lower Canada; the form of schools adopted in Ireland and in Belgium were to be considered as a possible model for both sections of the province, and the additional seigniorial tenure funds required were to be provided, possibly from a Lower Canada source, possibly from the common treasury.

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(feeling of pride. At forty-one, and with barely five years' political life behind him, the offer of the premiership of Canada was a great honour. Yet without hesitation Galt declined the Governor's commission. He had his share of ambition and of confidence in his own capacity. Yet he understood clearly also the limitations of his position. Party lines were far from fixed, yet they were at any moment too firmly drawn to make it possible for a man who had flaunted his independence and had criticized both parties to improvise a following. As a representative, too, of the English-speaking minority in Lower Canada he was in a weak strategic position for attaining party leadership. While he was on very friendly terms with Cartier and while he had not yet taken the attitude of strong opposition to ultramontaniam which later was to bring him into open conflict with the Roman Catholic church, yet he could not look to the French-Canadian members for support, and the English-speaking members were few and growing fewer. As a Lower Canadian, again, he was debarred from leadership of the Upper Canada members. Time and again in later days, John A. Macdonald, recognizing this fact, urged him to stand for an Upper Canada constituency, but Galt always preferred to stay by his life-long friends and associations in the east. In view of all these facts, Galt informed the Governor-General that he could not act, and advised him to send for Cartier.

Sir Edmund acted on the advice and invited Cartier to form an administration. Cartier at once accepted, asking Macdonald to head the Upper Canada section. The new cabinet was in essentials simply a revival of the old one, save that Cartier now took precedence as premier, or as 'first premier', and that Galt agreed to

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enter it as Inspector-General.^a Cayley, the former inspector-general, resigned to make way for him, and to keep the balance even between Lower and Upper Canada, Loranger also resigned, making way for Sherwood. As eventually constituted the Cartier-Macdonald cabinet stood as follows:

Lower Canada

G. E. Cartier, Premier and Attorney-General East.
A. T. Galt, Inspector-General.
N. F. Belleau, Speaker of the Legislative Council.
L. V. Sicotte, Minister of Public Works.
C. Alleyne, Provincial Secretary.

Upper Canada

J. A. Macdonald, Attorney-General West.
P. M. Vankoughnet, Commissioner of Crown Lands.
Sidney Smith, Postmaster-General.
John Ross, President of the Council.
J. Sherwood, Receiver-General.

Before this adjustment had been made the old ministers had carried through their famous or infamous 'Double Shuffle.' Constitutional precedent required that ministers upon accepting office should seek re-election. This they were not prepared to do, as the temper of Upper Canada made it very doubtful if they could be returned. Accordingly, they took advantage of a provision, designed

^aThe comments of the *Globe* are of interest (Aug. 9th, 1858): "The Game of Thimble-rig: One day the Galt thimble hid the pea, on the next the Cartier-Galt contrivance covered the prize, and twenty-four hours more placed the coveted article under the identical thimble which stood first upon the table when the Macdonald-Cartier compact feigned an abandonment of their position.

The accession of Mr. Galt as Inspector-General is, however, the great feature of the new arrangement. No one will deny to him greater skill and resources than his predecessor, but as to honesty, economy or desire to bring the finances of the country into proper condition, we believe he is even worse than Mr. Cayley. He will be far more dexterous in his treatment of figures, far more clever in humbugging the House, but as to economy he is incapable of it. He has not the courage of a mouse, nor has he the sense of right and desire for the people's good necessary to induce him to apply the pruning knife to the expenses of the country. He is a jobber at heart; the benefit of the people is his last thought in considering a public question."

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to avoid unnecessary appeals to the electors, to the effect that minor changes of office within the ministry should not operate to vacate the minister's seat. Each of the members of the old Macdonald-Cartier administration included in the new ministry was appointed to a post different from that formerly held, and then next day most of them were re-transferred to their former post. None but the two new ministers, whose seats were safe, therefore, had to face the electors. Coming on the top of what had appeared to many the conspiracy of Head and the discourtesy shown to the Brown-Dorion ministers, the transaction aroused the most violent criticism. It was not the constitutional crime it was pictured, but it was at best a smart trick, which helped to embitter and lower the tone of political life.

As a consideration of accepting office, Galt insisted that the government should adopt his federation policy. It is doubtful if Cartier and Macdonald would have agreed had not the proposal seemed to open up a way to rid the minority of the embarrassing question of the choice of the capital. The new government would undoubtedly have a good majority in the House on other issues, but there was still good ground for fearing that if they adhered to Ottawa or indeed to any other city, a majority would again be found against them. Confederation, if it came, would involve considering anew where the seat of government for the wider land should be, and so long as negotiations looking towards Confederation were pending, the troublesome question would be shelved. Accordingly the Government took up Galt's policy. In announcing the ministerial programme on August 7th, Cartier bound the two questions together, though strangely the significance of his action escaped the notice even of the lynx-eyed Opposition critics:

The Government felt themselves bound to carry out the law of

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the land respecting the seat of Government, but, in the face of the recent vote on that subject, the Administration do not consider themselves warranted in incurring any expenditure for the public buildings until Parliament has had an opportunity of considering the whole question in all its bearings; and the expediency of a Federal Union of the British North American Provinces will be anxiously considered, and communication with the Home government and the Lower Provinces entered into forthwith on the subject; and the result of this communication will be submitted to Parliament at its next session."

The new ministry lost no time in carrying out their promise. Cartier, Ross and Galt were appointed a Committee of the Executive Council to visit England and interview the authorities in Downing Street, not only on the federation question but on the Hudson's Bay territory and Intercolonial Railway issues. They sailed early in October, and as soon after their arrival as could be arranged, obtained an interview with Sir Edward Bulwer-Lytton, Secretary for the Colonies in the Conservative administration of Earl Derby. The formal Federation memorial presented to Lytton has often been printed, but for completeness' sake it must be included here; the draft in Galt's handwriting shows that the surmise of the *Globe* (see below, page 254) was correct:

London, 23rd October, 1858.

Sir,—

We have the honor to submit for the consideration of Her Majesty's Government that the Governor-General of Canada, acting under the advice of his responsible advisers, has been pleased to recommend that the subject of a Federative Union of the Provinces of British North America should form the subject of discussion by Delegates from each Province, to be appointed under the orders of Her Majesty's Government, and we have been instructed to urge the importance of this step as well upon grounds peculiar to Canada as from considerations affecting the interests of the other Colonies and of the whole Empire.

It is our duty to state that very grave difficulties now present themselves in conducting the Government of Canada in such a

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manner as to show due regard to the wishes of its numerous population. The Union of Lower with Upper Canada was based upon perfect equality being preserved between these provinces, a condition the more necessary from the differences in their respective language, law and religion, and although there is now a large English population in Lower Canada, still these differences exist to an extent which prevents any perfect and complete assimilation of the views of the two sections.

At the time of the Union Act Lower Canada possessed a much larger population than Upper Canada, but this produced no difficulty in the Government of the United Provinces under that Act. Since that period, however, the progress of population has been more rapid in the western section, and claims are now made on behalf of its inhabitants for giving them representation in the Legislature in proportion to their numbers, which claims, involving, it is believed, a most serious interference with the principles upon which the Union was based, have been and are strenuously resisted by Lower Canada. The result is shown by an agitation fraught with great danger to the peaceful and harmonious working of our constitutional system, and consequently detrimental to the progress of the province.

The necessity of providing a remedy for a state of things that is yearly becoming worse, and of allaying feelings that are daily being aggravated by the contention of political parties, has impressed the advisers of Her Majesty's representatives in Canada with the importance of seeking for such a mode of dealing with these difficulties as may forever remove them. In this view it has appeared to them advisable to consider how far the Union of Lower with Upper Canada could be rendered essentially federative—in combination with the provinces of New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island, together with such other territories as it may be hereafter desirable to incorporate with such confederation from the possessions of the Crown in British North America.

The undersigned are convinced that Her Majesty's Government will be fully alive to the grave nature of the circumstances referred to which are stated by them under the full responsibility of their position as advisers of the Crown in Canada. They are satisfied that the time has arrived for a constitutional discussion of all means whereby the evils of internal dissension may be avoided in such an important dependency of the Empire, as Canada. But independent of reasons affecting Canada alone it is



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respectfully represented that the interests of the several Colonies and of the Empire will be greatly promoted by a more intimate and united Government of the entire British North American Possessions. The population, trade and resources of all these Colonies have so rapidly increased of late years and the removal of Trade restrictions has made them, in so great a degree, self-sustaining, that it appears to the Government of Canada exceedingly important to bind still more closely the ties of their common allegiance to the British Crown, and to obtain for general purposes such an identity in legislation as may serve to consolidate their growing power, thus raising, under the protection of the Empire, an important confederation on the North American Continent.

At present each Colony is totally distinct in its Government, in its customs and trade, and in its general legislation. To each other, no greater facilities are extended than to any Foreign State and the only common tie is that which binds all to the British Crown. This state of things is considered to be neither promotive of the physical prosperity of all, nor of that moral union which ought to be preserved in the presence of the powerful confederation of the United States.

With a population of three and a half millions, with a foreign commerce exceeding Twenty-five million Sterling, and a Commercial Marine inferior in extent only to those of Great Britain and the United States, it is in the power of the Imperial Government, by sanctioning a confederation of these Provinces, to constitute a Dependency of the Empire, valuable in time of peace, and powerful in the event of war—forever removing the fear that these Colonies may ultimately serve to swell the power of another Nation.

In the case of the Australian Colonies the Imperial Government have consented to their discussion of the question of Confederation—although the reasons for it, as relates to the Empire, can scarcely be either so urgent or so important as those which affect British North America.

The Government of Canada do not desire to represent the feelings of the other provinces. Their application is confined to the request that the Imperial Government will be pleased to authorise a meeting of Delegates on behalf of each Colony and of Upper and Lower Canada respectively, for the purpose of considering the subject of a Federative Union, and reporting on the principles on which the same could properly be based.

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That such delegates should be appointed by the Executive Government of each Colony, and meet with as little delay as possible.

That the Report of such Delegates should be addressed to the Secretary of State for the Colonies, and that a Copy of it as soon as it is prepared, should be placed in the hands of the Governor and Lieutenant-Governor of each Colony, in order that he may lay the same before the Provincial Parliament, with as little delay as possible.

Upon the Report of such Delegates it will be for Her Majesty's Government to decide whether the interests of the Empire will be promoted by Confederation and to direct the action of the Imperial Parliament thereon—with the concurrence of the Legislatures of the respective Colonies.

We have the honour to be,

Your most obedient and humble servants,

G. E. CARTIER.

JNO. ROSS.

A. T. GALT.

Of much greater interest was the confidential letter submitted to Lytton the same day, in the name of the whole Committee, but as Galt's draft again shows, entirely his own composition:

London, 25th October, 1858.

The Right Honourable

Sir E. B. Lytton, Bart.,

Secretary of State for the Colonies.

Dear Sir Edward:

In the official communication which we have this day the honour to address to you, on the Confederation of the British North American provinces, we have felt it improper to offer any opinion upon the details which will form the subject of the proposed discussion by Delegates. It is also our duty not to cause embarrassment by advancing views which may yet have to be greatly modified. We venture, however, in compliance with your desire for a confidential communication on these points to suggest:—

That the Federal Government should be composed of a Governor-General, or Viceroy, to be appointed by the Queen, of an Upper House or Senate elected upon a territorial basis of repre-

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sentation, and of a House of Assembly, elected on the basis of population, the Executive to be composed of ministers responsible to the legislature.

That the powers of the Federal legislators and Government should comprehend the Customs, Excise and all trade questions, Postal Service, Militia, Banking, Currency, Weights and Measures and Bankruptcy, Public Works of a National Character, Harbours and Light-houses, Fisheries and their protection, Criminal justice, Public Lands, Public Debt and Government of unincorporated and Indian Territories. It will form a subject for mature deliberation whether the powers of the Federal Government should be confined to the points named, or should be extended to all matters not specially entrusted to the local legislatures.

The Confederation might involve the constitution of a Federal Court of Appeal.

The general revenue, having first been charged with the expense of collection and civil government, to be subject to the payment of interest on the public debts of the Confederation to be constituted from the existing obligations of each,—the surplus to be divided each year according to population. The net revenue from the Public Lands in each province to be its exclusive property, except in the case of the territories.

It may be expedient for a limited time to provide from the general revenue a certain fixed contribution for educational and judicial purposes until provision is made for the same by each member of the Confederation.

It will be observed that the basis of Confederation now proposed differs from that of the United States in several important particulars. It does not profess to be derived from the people but would be the constitution provided by the imperial parliament, thus affording the means of remedying any defect, which is now practically impossible under the American constitution. The local legislature would not be in a position to claim the exercise of the same sovereign powers which have frequently been the cause of difference between the American states and their general government. To this may be added that by the proposed distribution of the revenue each province would have a direct pecuniary interest in the preservation of the authority of the Federal Government. In these respects it is conceived that the proposed Confederation would possess greater inherent strength than that of the United States, and would combine the advantage of the

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unity for general purposes of a legislative union with so much of the Federation principle as would join all the benefits of local government and legislation upon questions of provincial interest.

We have, etc. etc.

(Signed)

G. E. CARTIER.

JNO. ROSS.

A. T. GALT.

This document, written on brief notice, shows clearly how thoroughly Galt had studied the question and how closely he anticipated the chief features of Federation as eventually drawn up by the combined wisdom of the leaders of all the provinces. The list of the specific powers allotted to the Federal Government, the appreciation of the possibility of assigning to it all matters not specifically entrusted to the local legislature, the provision for a Supreme Court, the payment of federal subsidies to the provinces, the division of public lands, and the emphasis, two years before the outbreak of the Civil War had made the issue clear to all men, upon the points whereby the weakness of the federal government of the United States was to be avoided in the case of Canada—these all form a remarkable evidence of the judgment and foresight of the new minister.

Three days later the Canadian ministers joined delegates from New Brunswick, Charles Fisher and A. J. Smith, and from Nova Scotia, Charles Tupper, W. A. Henry, and R. B. Dickey, in bringing before the Colonial Office the question of imperial aid to the Intercolonial Railway. They reviewed the history of the discussions, stressing especially the promises of Grey in 1851 and Pakington in 1852 to give an imperial guarantee, and noting that the outbreak of the Crimean war had suspended further consideration. Then in 1857 Messrs. Macdonald and Rose from Canada and Messrs. Johnston and Archibald from Nova Scotia had revived the question with Labouchère. Since 1852 Canada had spent on the

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part of the Main Trunk line originally under discussion, \$3,111,500 stg., making an annual charge of £186,000; New Brunswick had to face an annual burden of \$48,000, and Nova Scotia about the same, on account of their railway enterprises. It was estimated that it would take \$3,500,000 to fill up the gap from Rivière du Loup in Canada to Truro, Nova Scotia. If the British Government would appropriate to this purpose the £1,500,000 Sydenham loan, guaranteed by the British government, which Canada was about to repay, the three provinces would each promise £20,000 a year to meet interest charges, leaving £60,000 for the United Kingdom to assume. A supplementary memorial, presented November 12, pointed out that the savings in ocean subsidy and in carriage of mails, men and munitions would be nearly twice this amount, and declared the willingness of the three colonies to accept Britain's share of aid in the form of steamship subsidies similar to those which were being paid to the Cunard line from Liverpool to Boston and which were building up American ports at the expense of Canadian ports.

A few days after the departure of his colleagues, Galt addressed a confidential note to Lytton on the same subject, from which the following passages may be given:

London, 17th Nov., 1858.

Dear Sir Edward:

Presuming on the kindness with which you have received both my colleagues and myself, I venture to address to you certain considerations on the subject of the Intercolonial Railway which could not safely be enlarged upon in official documents.

The position of Canada is both peculiar and exceptional. A population now numbering three millions of British-born subjects reside in the interior of America and during the winter season are absolutely proscribed from any intercourse with either Great Britain or the other colonies except through a foreign country jealous of the power of England on the Continent. . . .

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The result (of the adoption of the bonding system) is that the whole winter and spring trade of Canada passes through foreign territory. I cannot help remarking that the policy of the Imperial Government in subsidizing the Cunard line has largely tended to this result. . . .

The present state of the case is that Canada is at this moment at the mercy of the American Congress for the continuance of her trade between December and June. The repeal of the American bonding laws would at once arrest the whole commerce of the Province. It would entail ruin on every merchant and trader in Upper Canada. . . The only security we have against such action by the American Government lies in the value of our trade to their railways, forwarders and merchants—we have none in their policy as a government. . . .

Canada has no other interest in the Intercolonial Railway than to be freed from a painful state of subordination to the United States. She has no local interests to serve, no population to benefit. She desires only to serve her allegiance and connection with the British Empire. . . In this as in the question of Confederation our statesmen desire to strengthen our intercourse with the Mother Country and the Sister colonies, to free our trade from foreign trammels, and to build up a nation worthy of England from her North American possessions.

I do not for a moment pretend to say that Canada would use the Intercolonial Railway for her trade while shorter and cheaper lines exist, but if at any time a different trade policy were adopted by the United States or war were to break out, then she would possess another outlet and would gladly suffer any inconvenience from the greater length and enhanced charges. The provision of such an outlet is the security against its being needed.

A letter to Mrs. Galt, written a few days after the first interviews, throws light on the progress of the negotiations:

London, 29th October, 1858.

. . . Mr. Ross and Mr. Cartier have gone to Paris for a few days and I remain here to attend to our matters with the Government. Sir Edward Lytton, finding I was alone, was kind enough to invite me again to Knebworth, where I spent two days this week and had much conversation with him. He wished me to go down again to-morrow, but I declined. However I am to go again next week. It is a high honor and no small advantage to my business. . . .

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I hope we shall make some progress next week. As yet it has only been preliminary work, preparing their minds for what we want, but our papers are now all before the Government, and we have only to wait a decision. I think we shall certainly get some points settled as we desire. . . .

He writes again the next week, a little more dubious of satisfactory results:

London, 4th November, 1858.

Since Monday I have been trotting about the public offices, seeing one man and another, fancying myself busy, but as yet seeing no results.

Yesterday when at the Colonial Office, Sir Edward sent for me to say we were to be presented to the Queen on Friday at 2 p.m. at Windsor. I therefore telegraphed to Ross and Cartier to come back from Paris, but they had already started, and arrived last night. We were all at sea to know what we should wear, fearing we should be obliged to exhibit ourselves in all the toggerly of a Court dress, but it appears this is unnecessary, and we will be received in 'plain dress'. . . .

I wish I could say that our business went on satisfactorily, but the fact is, that it moves so slowly I do not know whether we are going to succeed, or to spend so much time that we shall be obliged to leave without any answer at all. Everybody is very courteous, but very slow, owing no doubt to the vast number of questions they have before them. . . .

Next day he gives an interesting glimpse of the visit to the Queen, not yet sorrowed by the loss of the Prince Consort:

London, 5th November, 1858.

I have just one moment to write you on our return from Windsor. We were most graciously received by Her Majesty, who permitted us to kiss her Royal Hand, which by the way is a small one, though not as pretty as your own. The Queen then entered into a short conversation with each of us in succession about Canada. Mr. Ross suggested that we hoped to see Her Majesty in Canada. She laughed very heartily, saying she was afraid of the sea, but she thought it very likely some of "the children" would visit Canada. After a few more observations in which Prince Albert joined, we took our leave.

Our audience was quite private, no one being present except Prince Albert and Sir Edward Lytton, who introduced us. The

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Queen was dressed in a green silk dress, handsome but plain, nothing to distinguish her from any other lady. She is rather short, but has a very good face and fine eyes, and her manner is very agreeable. Prince Albert is a very handsome man, speaking with a slight accent. We were presented after Mr. Gladstone, who went down to Windsor with us. In this we were rather lucky, as we got lunch with the gentlemen and ladies-in-waiting at the Palace, while waiting for the Queen; otherwise we should have had to wait looking at the pictures.

We went in our ordinary dress, frock coat, and black cravat, no state dress at all. . . .

A week later he writes again:

London, 12th November, 1858.

Mr. Cartier sails to-morrow, and I trust to get away with Mr. Ross on Wednesday by the Canadian steamer to Portland. . . I had an interview with Mr. Disraeli on Wednesday and he in a great measure assented to what I want, but I have not yet received his official answer in writing and until I get it I cannot be certain of the result.

The Canadian Club gave us all a grand dinner yesterday. Sir E. Lytton, Lord Carnarvon and Lord Goderich, with other distinguished men, were present. It went off extremely well.

Our business is not yet completed but I fear we shall not be able to wait. . . .

Hope deferred is the note in a letter of still a week later.

London, 19th November, 1858.

There is also too often nothing but disappointment in this world, and I am doomed to experience it in finding myself again detained here for another week. But it has proved unavoidable as I have not yet succeeded in bringing any single part of my business to a close. The Colonial Office have asked me to remain another week, and promise to get all done by that time, either for or against my wishes. . . . I have commenced an energetic system of attendance upon them and like the widow and the unjust judge I may get from my importunity that which would be denied to any claim of justice. I know that you value perhaps more highly than I do my reputation, and I therefore feel certain that you will reconcile yourself to our prolonged separation. . . .

I am going to dine with Sir Edward Lytton to-morrow. I fancy it is a party he is giving in return for that of the Canada Club. . .

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Yet in spite of importunity and of dinners and country-house week-ends neither Galt nor his colleagues had any appreciable degree of success in their undertakings. There was no lack of polite words, but the plain fact was that neither the permanent officials nor the government nor the general public had any interest in the problems of the American colonies. One may read ministers' diaries or the Queen's letters, Grenville's gossipy memoirs or the London press of the day and in all alike there is not the faintest sign of concern over the distant possessions. One would find much talk of the visit of Palmerston and Clarendon to Compiègne, of the Newmarket races, of the aftermath of the Indian Mutiny, of the removal of Jewish disabilities, of the closer relations between Lord John Russell and Lord Stanley, of Gladstone's mission to the Ionian Islands or Disraeli's latest Duchess and diamonds dinner, but in the circles of the governing classes Canada was as much in mind as Kamschatka. As will be seen in a later chapter, it was not until the outbreak of the Civil War threatened further complications that any heed was given to Canadian affairs.

On the railway question, the British government gave a frank and flat refusal to extend any aid whatever, on the quite sufficient and legitimate ground that "the national expenditure must be regulated by the national resources, and however important may be the foregoing advantages, it has been found that objects of interest to Great Britain yet more urgent must yield to the necessity of not unduly increasing at the present moment the public burthens." Disraeli, as Chancellor of the Exchequer, had simply more pressing demands to meet than this far off and politically inconspicuous proposal.

^oDespatch of Sir Edward Lytton to Sir Edmund Bond Head, Dec. 24th, 1858.

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The attitude of the British authorities on this occasion was well summed up by Dr. Charles Tupper, afterwards Sir Charles, in a speech at St. John in 1860:

"Under the impression that the value of this great national as well as colonial undertaking (the Intercolonial Railway) was really appreciated in England, and encouraged by a dispatch which said that the subject would shortly receive the serious consideration of the British Cabinet, the three Governments of Canada, New Brunswick, and Nova Scotia, sent a joint delegation to London in 1858. While I feel bound to admit that we were treated at the Colonial Office with all due courtesy and had every personal attention bestowed upon us which we could desire, it was but too evident that the Cabinet were too much engaged with their own immediate interests to take any very deep concern in a subject so remote, and urged by parties who were unable to bring to their support votes in the Commons. Sir Edward Bulwer Lytton did seem a little aroused to the importance of the question, and concurred in the feasibility of our proposal; and Mr. Disraeli, the Chancellor of the Exchequer, to whom we were referred, admitted that the question had assumed a really practicable shape; yet, although the three provinces who, unaided, had done so much towards accomplishing this national work, unitedly pressed upon the attention of the British Government a scheme which would have completed it without any increased drain upon the British Exchequer, or have involved the outlay of an additional shilling—as we merely required subsidies for the performance of the services for which the Imperial Government now pays a much larger sum—without taking the trouble even to verify the accuracy of our calculations by reference to the public departments, this country was coolly informed that 'Her Majesty's Government have not found themselves at liberty to accede to the proposal.'"¹⁰

On the question of Federation the lukewarmness evident in Downing Street was more surprising. At best the official outlook was one of indifference, and it appeared that if any feeling existed, it was one of hostility rather than of approval. Realizing this at last, Galt endeavored to have as good a face as possible put

¹⁰Recollections of Sixty Years in Canada, pp. 19-20.

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upon the matter. Just before sailing he sent the following confidential note to Sir Edward Lytton:

London, 22nd November, 1858.

Dear Sir Edward:

Taking advantage of your very kind permission to address you on the subject of Confederation, and having in mind the outline of the decision which has been arrived at, I venture to suggest that in communicating it to the Governor-General it might be stated,

"That Her Majesty's Government have given their best consideration to the Order-in-Council of the Government of Canada of the fourth of September last on the subject of a Union of the British North American Colonies, and to the request therein that the Secretary of State for the Colonies should authorize a meeting of delegates, etc. Her Majesty's Government have also had under consideration the letter of the twenty-third of October last from certain of His Excellency's advisers now in London on the same subject.

"Her Majesty's Government are impressed with the grave nature of the difficulties which are stated to attend the administration of public affairs in Canada and will be prepared to do all in their power to remove them, in conjunction with the provincial legislatures, consistently with the maintenance of the Queen's authority and of constitutional Government.

"The question of the Union of the North American Colonies is one, however, which involves not merely the interest of the important Province of Canada and its relations towards the Empire, but also equally the position and government of the other provinces. It appears to Her Majesty's Government that it would be premature to invite the proposed meeting of Delegates without communications from the Governments of the other Colonies, expressive of their desire that such meeting should take place. . .

"Her Majesty's Government are fully alive to the great importance of promoting the consolidation and strength of the possessions of the Crown in North America and should it appear to be the general wish of the Queen's subjects in these Provinces to attain a more intimate alliance between themselves, Her Majesty's Government would be prepared to give such desire the most serious attention and to do all in their power to meet it, having in view the preservation of the integrity of the Empire and of the Royal Authority."

In the foregoing suggestions, which you have so kindly permitted me to make, I have endeavored to embody precisely what

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my understanding was of your decision. I need scarcely add that I deeply regret that it is not more favorable and that I feel that even if conveyed in terms such as I have myself now outlined, it will cause our Government much embarrassment, and I fear weakness, especially in dealing with the Seat of Government question.

I can only entreat that in conveying Her Majesty's decision, you will, if it is possible, avoid expressing any opinion hostile to the Confederation. Apart from all personal or political considerations, I venture to suggest that inasmuch as the question will certainly and necessarily be discussed in the Colonies, it would be a serious and I may almost say, dangerous complication if such discussion took place in the face of an adverse decision from the Home Government.

My deliberate opinion is that the question is simply one of Confederation with each other or of ultimate absorption in the United States, and every difficulty placed in the way of the former is an argument in favor of those who desire the latter. I trust you will pardon my frankness, but on such a question duty forbids me to conceal my apprehensions, even if you should deem them groundless.

The official reply of the Colonial Office was despatched to Sir Edmund Head four days later. It is interesting to note both how the reply conforms to Galt's outline in basing the refusal of the British Government to take action upon the necessity of consulting the other Colonies, and how it fails to incorporate even the contingent and tentative expression of sympathy with the object in view which he had sought. It does, however, equally avoid the openly hostile attitude which he had evidently had strong ground to fear:

Downing Street,
26th November, 1858.

Sir,

I have on a former occasion acknowledged your despatch No. 118 of the 9th of September, accompanied by a minute of a committee of the Executive Council of Canada proposing that Her Majesty's Government should authorize a meeting of Delegates to discuss the expediency and the conditions of a federal Union of the British North American Provinces. By this name I understand to be meant an arrangement for establishing a common

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legislation in the Provinces upon matters of common concern. I have since received a letter on the same question, dated the 23rd of October, from those members of your Executive Council who have recently visited England, and I have to inform you that the proposal has received from Her Majesty's Government the careful consideration which its importance demands.

The question, however, is one which involves not merely the interest of the important Province of Canada and its relations towards the Empire, but also the position and welfare of the other North American Provinces. The Government of one of them has afforded some indication that it deems the question of a Legislative union of some or all of the Colonies as equally deserving of consideration. With this exception Her Majesty's Government have received no expression whatever of the sentiments which may be entertained by the Governments of the Lower Provinces. We think that we should be wanting in proper consideration for those Governments if we were to authorize, without any previous knowledge of their views, a meeting of Delegates from the Executive Councils, and thus to commit them to a preliminary step towards the settlement of a momentous question, of which they have not yet signified their assent to the principle.

A communication in terms corresponding with the present despatch will be addressed to the Governors of the other Provinces, in order to place them and their responsible Advisers in full possession of the actual state of the question.

I have, etc.,

E. B. LYTTON.

Governor

Sir E. W. Head, Bart.

Naturally the communication of this lukewarm epistle to the ministers of the other colonies did not awaken enthusiastic echoes. Nova Scotia sent no reply; Newfoundland agreed to appoint delegates if a Conference were authorized; New Brunswick declared the question had not been sufficiently discussed to permit a decision, and Prince Edward Island merely authorized receipt of the circular.

Meanwhile the ardour of Galt's colleagues at home had cooled. Discussion of federation could no longer serve

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to postpone the thorny task of choosing the Seat of Government. The ministers were divided. When the ministry was formed, Sicotte had declared he would resign if the attempt was again made to force the choice of Ottawa, and Macdonald and Vankoughnet declared they would resign if this were not done. Upon his return from England Cartier threw in his lot with Macdonald, and Sicotte resigned, to become soon the leader of the Lower Canada Opposition. In spite of his defection, the ministry were able, by the narrow majority of five, to have the choice of Ottawa ratified, and, this ticklish question settled, they breathed easier. There was no longer any need to discuss heroic remedies.

Questioned in the House at the opening of the session of 1859, Galt admitted the difficulty of proceeding further in the face of the apathy of the Imperial Government and the Lower Provinces. He declined to give any particulars of the federation scheme, beyond the official documents submitted to parliament. His speech (February 8th, 1859) gave the *Globe* occasion for summing up the situation in a paragraph not wanting in shrewdness:

"The secret is out: the ministry has no policy, even on Federation. The garrulity of Galt has spoiled the whole affair. Of the entire Cabinet, Mr. Galt alone has shown the slightest interest in the subject. He was the writer of the letter which Messrs. Cartier and Ross were obliging enough to sign; he pressed it upon Sir Bulwer Lytton; he talked with the Earl of Derby about it and therefore all things considered he may be accepted as a tolerably competent witness. He declares that his colleagues and he have no scheme to propound, have not so much as the outlines of a plan. Half-smoke, half-air . . . No wonder that the *Leader* fixed ten years as the shortest period in which the marvellous conception could ripen into reality."

The federation idea had been planted in the public mind. Time was needed to permit it to germinate and develop. The harvest of fact could not be reaped in a day or a year. It was to be five years before 'events

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stronger than advocacy, stronger than men', were to force the issue. For the present, the Opposition, by their advocacy of a Federal Union for the two Canadas and the North West, did much to familiarize the public with the general principles of federal union, and the press of both parties kept up a sporadic discussion. The first steps in an eventful road had been taken.

CHAPTER X

Galt as Minister of Finance: 1858-1862

The Fortunes of the Cartier-Macdonald Ministry—A Financial Crisis—Locking the Stable Doors—Debt Conversion, and Canada's Credit—Fiscal Policy—Free Ports—The Government, the Decimal Currency, and the Note Issue.

THE Cartier-Macdonald ministry was destined to enjoy a longer tenure of office than any other Union administration. It held power from August 6th, 1858, until May 23rd, 1862, or over three years and nine months, as against the three years and six months of its nearest rival, the Baldwin-Lafontaine ministry, and three times as long as the average of other administrations of this period.

This comparative success was due in part to the strength of the Government and in part to the weakness of the Opposition. Macdonald, Cartier and Galt made a very effective combination. Macdonald's skill and shrewdness in managing men, Cartier's vigor and ascendancy over the French Canadian members, and Galt's financial ability and breadth of view on general questions, made it difficult for any but an aggressive and united Opposition to make headway against them. And the Opposition, though aggressive by fits and starts, was very far from united. The alliance between the Upper Canada and Lower Canada sections of the Opposition, always precarious, was broken completely when in 1859 the Clear Grits resolutely opposed a government

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measure appropriating still further sums to complete the purchase of seigniorial rights for the benefit of the habitants of Lower Canada.

Even within the ranks of the Upper Canada Opposition itself there was dissension. Brown had never been without enemies and rivals in his own ranks. Sandfield Macdonald particularly was unwilling to admit his claim to leadership, and many others, because of his hostility to Lower Canada, considered Brown, in his own frank words on one occasion, 'a governmental impossibility.' Brown never displayed so clearly as in these years his strength of brain and his dominating personality. His criticisms of the financial policy of the government were vigorous, lucid and compelling; his speeches in the House in 1859 on constitutional reform were among his broadest and most statesmanlike efforts, and in the great Reform popular convention held in Toronto in 1859, which resulted in the adoption of Federation of the Canadas as a supplementary policy to "Rep. by Pop.," he was easily master of the field. Yet antagonism to him persisted, ill-health hampered his campaign, and his own defeat at the polls in 1861 kept him out of parliament for two sessions. The general election of 1861 left the parties much as they were. But while with Brown's retirement the vigor of the Opposition attack was somewhat slackened for the moment, the reorganization of the Opposition under the more moderate leadership of Sandfield Macdonald and Sicotte, in time made it more formidable and once again brought about a deadlock, from which on this occasion there was to be no escape by merely personal shifts and ministerial patchings.

Aside from party controversy on the wellworn themes of sectional rivalry and ministerial corruption, the chief political interest of this period centres in three matters—the financial administration, the relations of Canada with the United States, and its relation with the Mother Coun-

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try. These questions, in all of which Galt played a notable part, will, therefore, be discussed in order, in the three chapters which follow.

Galt took up the task of administering the finances of the province at a most critical and difficult time.¹ The country was sobering up after the orgy of speculation and rapid expansion which marked the first railway-building era. Railway building had now ended, and with it the flood of English capital which had quickened trade, raised prices, and made mushroom millionaires. The reaction was intensified by the influence of the crisis which in 1857 brought the trade of the United States to a standstill. And to prove that misfortunes never come singly, the Canadian harvest of 1857 was far below the average, and that of 1858 a complete failure.

The financial depression made the task of the Minister of Finance doubly difficult. It lessened the revenue of the province and added large obligations to its expenditures.

For revenue the province had depended mainly on customs and excise duties, with receipts from the post office, public works, chiefly the canals, and from the sale of Crown Lands making up the balance. With the slackening in building and borrowing, importations fell away and customs duties in proportion,² while all the minor sources of income showed the working of hard times economies.

At the same time, the province was compelled to shoulder certain indirect obligations, railway and municipal

¹By an act passed in 1859 reorganizing the financial offices, the title of the head of the department of finance was changed from Inspector General to Minister of Finance.

	Imports	Customs Duties
1856.....	\$43,584,387	\$4,508,882
1857.....	\$39,430,598	\$3,925,031
1858.....	\$29,078,527	\$3,868,157

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guarantees, the notes it had endorsed in the lavish, optimistic days of the early fifties. With the falling off in traffic, not one of the three larger railways, the Grand Trunk, the Great Western, or the Northern, was able to pay the interest on its capital. The province, therefore, found itself compelled to bear an increasing share of this burden, paying over a million dollars in interest on the guaranteed bonds in 1858. The Great Western eventually repaid the greater part of the advances made to it, and the Northern a smaller part, but the Grand Trunk loans, though for many a long day carried as a credit on the books of the Dominion, were by 1858 well known to be hopeless. Yet the province had not made a bad bargain in its railway deals. By the loan or gift of twenty millions it had aided in bringing to the province sixty millions more of private capital. In ten years two thousand miles of railway had been constructed, and a great stimulus given to the industry and settlement of the province. If, as Brown insisted, taxation had gone up from \$1.20 a head in 1841 to \$2.63 in 1859,³ it was equally true, as Galt brought out in his budget speech of the same year, that whereas in 1845 it had cost the shipper, and ultimately the farmer, three shillings to forward a barrel of flour from Lake Ontario to Montreal, in 1858 the cost had fallen to 6d. or 7d.⁴

It was not only the railways that were in default. It had been one of Hincks' most original and most popular strokes to empower the municipalities to borrow freely for the purpose of building or subsidizing public works. By the legislation of 1852, provision had been made to enable the municipalities to pool their credit and to take advantage of provincial prestige and provincial machinery in borrowing in money markets where the separate municipalities were unknown. Two Municipal Loan

³Letter to Adam Hope, *Globe*, June 6, 1859.

⁴Budget Speech, March 11, 1859.

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Funds were created, one for Upper and one for Lower Canada. The province, as trustee, not as guarantor, was to borrow money for the sale of Loan Fund debentures, and reloan it to municipalities making application. The local authorities were to levy taxes to meet interest and sinking fund; if any failed to do so, the provincial government was empowered to send in the sheriff.

The municipalities, especially in Upper Canada—Lower Canada was more prudent or more 'unprogressive'—made full use of their opportunities. Port Hope borrowed \$740,000, Cobourg and Brantford each \$500,000,—all towns of less than 5,000,—the counties of Lanark and Renfrew \$800,000, and other counties, townships, towns and villages as their ambitions prompted. The great bulk of these sums was used to bonus local railroads. In the first flush of enthusiasm over the coming of the railway it was expected that not only would these investments result in building up flourishing trade and great industries, but would yield direct dividends so high as to make taxation henceforth unnecessary. The hard fact was that not a single cent of dividends was ever received on the nine million dollars thus invested by municipalities, most of it through the Loan Fund. Instead, many a town and county found itself saddled with a huge debt and a crushing interest demand. One municipality after another repudiated its obligations. The provincial government had not the courage to send in the sheriff. It declined, indeed, to admit ultimate responsibility for the debts, claiming to be merely a trustee, not a guarantor of the Municipal Loan Funds, but it was to the province that the purchasers of the Loan Fund debentures looked for payment and the obligation had to be met. In 1857 \$159,000 was advanced by the province to meet interest payments and in 1858 \$365,000.

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With fresh and heavy obligations thus thrust upon the province at the very time its revenues were falling, a finance minister who sought to make ends meet faced an almost impossible task. In the year when Galt assumed office, 1858, the deficit was as great as the total ordinary expenditure had been in 1850. He was able, thanks to retrenchments, new taxes, and revival of trade, greatly to lessen this gap, but not until the very eve of Confederation was it closed entirely. Year after year expenditure exceeded income, and the debt kept mounting. Yet within the inescapable limits set by past extravagance and present depression the new minister amply justified his reputation as a skilled and capable financier. The best was made of a bad job. The deficits were reduced within manageable proportions, revenues were increased without unduly burdening or disturbing industry, and the credit of the province in the London markets advanced in marked degree.

Much of the expenditure of the province was practically beyond control. Retrenchments were made here and there in the ordinary expenditure, but Galt, like many another Finance Minister, found that it is easier to raise standards than to lower them, and that vested interests had been created and undertakings begun which could not be ignored. The increase in expenditure and in debt in these years represented the coming of chickens of an earlier brood home to roost.⁵ The only important fresh liability assumed was the agreement made in 1859 to complete the purchase of the seigniors' claims by a grant of

⁵In his Annual Report for 1860, Galt analysed the existing debt, placing the responsibility where it belonged:—

The Debt contracted or authorized by Parliament before 1852, less redemption				\$27,974,900 49
"	"	1852-1854	"	\$13,743,304 01
"	"	1854-1857	"	\$11,257,247 86
"	"	1858-1859	"	\$ 5,317,017 95
Total Debt				\$58,292,469 81

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six per cent permanent annuities to the amount of \$120,000, coupled with a grant of a similar sum to the Municipal Loan Fund of Upper Canada. At the same time, to readjust the balance of favors to the two sections of the province, it was enacted that Lower Canada Municipalities should forego the greater part of the privileges conferred upon them by the Municipal Loan Fund Act. Each part of the province had been authorized in 1854 to borrow the same amount, \$7,300,000; Upper Canada municipalities had borrowed \$7,294,800 but those of Lower Canada only \$2,262,540. Accordingly, after allowing for borrowings sanctioned but not made, the balance of the Lower Canada fund authorized was cancelled. At the same time the stable door was locked in Upper Canada. An Act passed in 1859 brought the municipal rake's progress to an end, as far as future borrowings were concerned. Drastic provisions were enacted to enforce the payment of the debt already contracted. The six per cent Municipal Loan Fund debentures issued by the province as trustee were taken up and cancelled, being replaced by five per cent provincial bonds. The municipalities in default were required to levy a tax of five per cent upon the yearly value of taxable property to meet the interest and sinking fund, and this obligation was to be the first charge upon the municipal treasury, to be paid over by the treasurer upon penalty of being held personally liable. To compensate to some extent the prudent municipalities which were now compelled to bear their share of the burdens of their reckless neighbors, it was provided that the funds accruing from the sale of the old Clergy Reserves lands should in future be divided only among the municipalities which had not borrowed or had not defaulted. Neither form of pressure brought the defaulters to time. The lack of adequate administrative machinery to supervise the municipalities' action—a lack persisting to our own day—and the political difficulty of

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forcing debtors who were also electors, to pay up, defeated the good intentions of the legislature of 1859. It may have been only a coincidence, but if so it is an interesting one, that in 1860 the chief defaulting municipalities in Upper Canada returned Government supporters. By 1860 the amount due by the municipalities of Upper Canada for interest alone, was \$654,000; the amount paid was \$158,000. In the same year Lower Canada paid \$66,000 out of \$166,000 due.*

The burden of debt thus shouldered by the province—its direct borrowings for canals and other public works, the railway guarantees, and the municipal loan fund—had attained very large proportions for that day. The interest on the debt and the sinking fund payments were two and a half times as great as the whole revenue of the province ten years before, and equalled sixty per cent of the revenue in 1858. It was clearly desirable, if possible, to take steps both to reduce the burden of the debt on the taxpayers and to strengthen the credit of the province abroad. Accordingly, Galt devoted much of his efforts in the early years of office to plans for consolidating and converting the debt, and for maintaining Canada's prestige in the London money market.

His first operation had to do with the Sydenham loan of 1841, a loan of \$7,300,000 guaranteed by the British Government, bearing interest at four per cent with another four per cent added for sinking fund. This sinking fund was invested by the trustees in British consols yielding three per cent. This meant, in brief, that the province continued to pay four per cent on the whole loan, while the sinking fund, now half of the loan, brought in only

*By 1871 the arrears of principal and interest amounted to over \$5,000,000; two years later the Ontario Legislature cut down or assumed entirely the debts of the defaulters and brought this instructive episode to a close.

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three, and the province, to meet these payments, was compelled to borrow at five per cent. In 1859 and 1860, Galt succeeded in floating a new loan, carrying interest at five and sinking fund charges of one half of one per cent amounting to \$209,000 a year as against the \$584,000 formerly required. At the same time he effected an important saving by inducing the imperial authorities to invest the sinking fund in India stock at five per cent instead of in consols bearing three.

Continuing this process of conversion, Galt succeeded in 1860 in floating a twenty-five year loan at five per cent, part of which was used to retire \$10,250,000 of the old debt. At the same time a sinking fund of one half of one per cent was established. The net result of this transaction was that by adding the trifling additional payment of \$17,000 a year to the former interest charges—\$615,000—on the amount converted, Galt succeeded in providing for the entire liquidation of the ten millions in fifty years.

Less tangible but equally effective, was the missionary work done in these years in enhancing the credit of Canada in England. Probably none of our Finance Ministers has been in such close and intimate touch with financial London as Galt was all through his years of office. His early negotiations in connection with the Land Company and his handling of the Grand Trunk consolidation created a strong impression on the men he met there. Especially in the case of Thomas Baring and George Carr Glyn, for many years the financial agents of the province, and perhaps the leading private bankers of a day before the joint stock companies had swallowed up the private firms, this impression ripened into a close personal friendship which lasted until death. Both were men of large financial experience and mature judgment as well as of high honor. Though their losses and the losses of their clients in the Grand Trunk prejudiced them against

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Canadian investments, Galt succeeded in securing their hearty cooperation in advancing the interests of the province.

It was with the object of shaping English opinion, and especially investors' opinion, as to the soundness of Canadian affairs, that Galt published in January, 1860, the best known of his writings, *Canada: 1849 to 1859*. In this brief pamphlet of something less than fifty pages, Galt is seen at his best. He marshals facts and figures with compelling force, and treats a subject often dry and obscure in a most interesting and lucid fashion.

He begins his review of Canadian affairs with 1849, as the year when political self-government was completely achieved and when the change in Britain's fiscal system took full effect. The extension of the franchise, the improvement of election methods, the reform of the Upper House on an elective basis, the establishment of an excellent municipal system, the provision of what is somewhat rashly termed 'a perfect system of elementary and superior education', the solution of the Clergy Reserves and Seigniorial Tenure questions, the provision for the settlement of the back districts, legal reforms,—such a record of achievements in ten years' time certainly, he contends, justifies self-government.

Passing next to material development, Galt showed forcibly how necessary it was for the province to endeavor by canal and railway building to improve the opportunities which its position in regard to the St. Lawrence, the Great Lakes and the Western States made possible, and the rivalry of New York and other United States cities for the same prize of western traffic made essential to its progress. Practically the whole direct debt of the province had been incurred in furtherance of this policy. Including advances to railways it amounted to £8,884,672 stg., while the expenditure on canals, lighthouses and river improvements, roads and bridges and railway ad-

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From the outset the customs duties had been the mainstay of Canadian finance. At first the rates were low. The tariff as revised by the Union legislature in 1841 levied light revenue duties on the chief articles of import not produced in the country,⁹ and five per cent on all other articles, with a few specified exemptions. Slight changes were made in the years immediately following, particularly in the direction of putting duties on livestock, provisions and agricultural products. In 1847 the duty on practically all imported manufactures, except heavy iron products, was raised to ten per cent and in 1849 to twelve and a half. In 1856 a further increase to fifteen was made. Then in 1858 the Cayley tariff levied twenty per cent on many important manufactured articles, and fifteen on all goods not enumerated. Now in 1859 Galt took the remaining step, raising a few items to twenty-five per cent and goods which provided the great bulk alike of imports and duties to twenty. The Galt-Cayley tariff as thus developed remained in force without substantial change until the very eve of Confederation, when the same Finance Minister was to make another equally striking and significant departure.

As thus reviewed the increase in rates appears gradual and fairly regular. As a matter of fact, however, the increases made in 1858 and 1859 marked a distinct departure. They were made not only because of the increasing need of the province for revenue, but because of a strong popular demand for protection. For the first time in Canada organized pressure was brought to bear upon the government to influence its fiscal policy.

Protectionist sentiment had been growing steadily in Canada. For a time, the conversion of England to Free Trade had seemed to put the older doctrine out of court,

⁹Wine and spirits (sixpence a gallon on all wine but Madeiras, for example), sugar, raw and refined, (one and two pence a pound respectively), coffee, tea (three pence a pound), molasses, salt, and tobacco.

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but gradually American example became more powerful than British. With the growth of the province in population, wealth, and commercial organization, the possibility of supplying its staple needs at home became more conceivable. The persistent advocacy of protection by such able exponents as Mr. Justice Sullivan, Baldwin's cousin and former colleague, and more especially by Isaac Buchanan, of Hamilton, untiring promoter of railways, paper money, and high tariffs, told on the public mind. Horace Greeley's forceful writings on the same side were widely circulated in Canada as well as in the United States. But it was not until the crisis of 1857 brought hard times, unemployment, emigration to the United States, falling off in home demand, and cessation of the stream of British capital, that the seed thus planted fell into fertile ground. Hard times gave rise to the first protectionist movement in Canada, just as twenty years later they prepared the way for the second and more enduring campaign, the campaign which established 'the National Policy.'

In April, 1858, an influential organization known as the "Association for the Promotion of Canadian Industry" was founded in Toronto. The moving spirit was Buchanan, but he found ample backing among Toronto, Hamilton, Kingston, Montreal and other manufacturers. The association demanded the abolition or reduction of the duty on tea, sugar and other articles which Canada could not produce, the imposition of a low rate on imported articles in the dry goods, hardware and crockery trades, not likely for some time to be made in Canada, and the increase to twenty-five per cent of the duties on "all manufactures in wood, iron, tin, brass, copper, leather, india rubber, etc., competing with our industrial products," and to twenty per cent in the case of cottons and woollens. The Association—or Mr. Buchanan—went further and drew up in great detail a new tariff embody-

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ing these principles. A deputation from the Association waited upon the chiefs of the Macdonald-Cartier government and were promised substantial sympathy. The tariff introduced by Cayley in 1858 gave evidence of this pressure. The duty on important articles was increased to twenty per cent on clothing and on manufactures of leather to twenty-five, and fifteen per cent was levied from articles not enumerated.

Faced with a huge deficit in the following year, Galt cast about for new sources of revenue. There were three conceivable sources.

The first was direct taxation. Under the circumstances in Canada, this was out of the question. In spite of the beginning that had been made in England toward levying a fair proportion of the taxes upon property and income, and in spite of the fact that many states to the south were raising large sums by a direct property tax, the prejudice in Canada against direct taxation was overwhelming. In 1862 it was the opposition to a trifling direct tax levied in connection with the Militia Bill that contributed largely to wreck that measure and bring down the government. As Galt put it in the pamphlet already cited: "In Great Britain it may be possible to adjust the taxation so as to make realized property contribute more than it now does to the wants of the state; but in a country like Canada no such resource exists, and it would be perfectly hopeless to attempt to raise the required revenue by direct taxation—we neither possess the required machinery to do it, nor are the people satisfied that it is the more correct principle."¹⁰

Assuming, then, Galt continued, that excise and "customs duties must for a long time to come continue to be the principal source from which our revenue is derived," it remained to decide upon what articles these duties should be levied—mainly on articles not produced in

¹⁰Ibid, p. 39.

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Canada, as the free-trader preferred, or mainly on articles produced or likely to be produced in the province, and thus affording protection to the home grower or manufacturer.

Galt's decided preference would have been to levy substantial excise duties on spirits, beer and tobacco, and customs duties on tea, coffee, sugar and molasses. But one sufficient obstacle forbade—the nearness of the United States and the fact that it levied low or no duties on these important articles of general consumption. Under the border conditions which then prevailed and with the inadequate administrative staff that the province employed, higher duties would simply mean more smuggling.¹¹ "When peace prevailed in the United States," declared Galt in his budget speech of 1862, "and there was no duty on tea, it was impossible for us to levy a high duty without the danger of smuggling, or the moral certainty that we would be unable to collect it." And those who would not have smuggled, would have loudly complained: "Unfavorable comparisons (with the low prices of tea, etc., in the United States) are even now instituted by our agricultural population."¹²

There appeared, then, no alternative but to impose higher duties on manufactured goods,¹³ as the protectionists urged. Galt was not theoretically committed to either free trade or protection. Originally a protectionist, his faith had been sapped by the teachings and practice of the Mother Country in recent years. On the whole, his leanings were now more to free trade. However, like many others of his own and a later day, he found solace in the compromise of "incidental protection"—the posi-

¹¹Canada: 1849 to 1859, p. 41.

¹²Dr. Adam Shortt, in a study of this period, writes: "Many a good border merchant was a theoretical protectionist by day and a practical free trader by night."

¹³Agricultural produce and other primary products could not be taxed, as the Reciprocity Treaty required their free admission from the United States, the only possible source. See next chapter.

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tion that while duties should be levied primarily to produce revenue, no regret would be felt if "incidentally" they afforded protection to home manufacturers. It was a phrase that soothed free traders by making it appear that the protection given was accidental, unconscious, temporary. To the protected manufacturer it was all one what label was applied, so long as he got what he wanted. For the present, Galt saw clearly, an increase in tariff rates would yield an increase in revenue. Time would tell whether the increase proposed was sufficient to divert production to Canadian factories and thus lessen customs revenues, or even to lessen consumption altogether.

The chief increases made in the Galt tariff of 1859 fell on cotton goods, raised from fifteen to twenty per cent, and on iron and steel, from five to ten. At the same time all "not otherwise enumerated" goods were subjected to twenty instead of fifteen per cent. The nature of the tariff thus constituted may best be gathered from Galt's own exposition:

The fiscal policy of Canada has invariably been governed by considerations of the amount of revenue required. It is no doubt true that a large and influential party exists, who advocate a protective policy; but this policy has not been adopted by either the Government or Legislature, although the necessity of increased taxation for the purposes of revenue has, to a certain extent, compelled action in partial unison with their views, and has caused more attention to be given to the proper adjustment of the duties, so as neither unduly to stimulate nor depress the few branches of manufacture which exist in Canada. The policy of the present Government in readjusting the tariff has been, in the first place, to obtain sufficient revenue for the public wants; and, secondly, to do so in such a manner as would most fairly distribute the additional burdens upon the different classes of the community; and it will undoubtedly be a subject of gratification to the Government if they find that the duties absolutely required to meet their engagements should incidentally benefit and encourage the production, in the country, of many of those articles which we now import. The Government have no expectation that the moderate duties imposed by Canada can produce any considerable development of manufac-

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turing industry: the utmost that is likely to arise is the establishment of works requiring comparatively unskilled labour, or of those competing with American makers, for the production of goods which can be equally well made in Canada, and which a duty of 20% will no doubt stimulate. That these results should flow from the necessity of increased taxation, is no subject of regret to the Canadian Government, nor can it be alleged as any departure, on their part, from the recognized sound principles of trade, as it will shortly be shown that the Government were compelled to obtain increased revenue; and it is believed that no other course could be relied on for this result than that adopted.

Analysing the different classes of goods imported, Galt showed that raw materials, to the extent of 29 per cent, were admitted free, and that the duties were graduated roughly according to the degree of manufacture involved, except in the case of liquors, tobacco and other luxuries which were taxed at the highest rates. Any attempt to reduce the duty on manufactured goods would therefore involve prohibitive increases on raw materials or partly manufactured goods.

In Canada this phase of the tariff excited little opposition. A few strong free traders complained, but it was not a party issue, and neither in Parliament nor in the press was there any prolonged debate. As will be seen later, the case was otherwise in the two countries with which Canada was most concerned. In the United Kingdom the higher tariff was considered a direct blow at British manufacturers, a demonstration of the uselessness of colonies and empire, and it profoundly affected public opinion on the whole subject of imperial relations. In the United States the increase was denounced as a violation of the spirit, if not the letter, of the Reciprocity Treaty.

In Canada much more attention was paid to another phase of the tariff of 1859 — the application of the *ad valorem* principle. Hitherto in Canada mixed duties, some specific, some *ad valorem*, some combining both

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methods, had prevailed. Now specific duties were entirely abolished, with the one single exception of the duty on whiskey. There was room for dispute as to the merits of this change, but the chief discussion turned not so much on the general principle as on one feature of its application. Henceforth the duty was to be levied on the value in the market where last bought. This meant that if the merchants in Toronto and elsewhere in Upper Canada continued to buy their tea and coffee, sugar and molasses, in New York, as was the prevailing practice, they would have to pay duty on the price at New York, including heavy freight charges from China or the Indies. Buying at Montreal from importers who brought goods direct from the place of origin they would pay the duty only on the original cost of the goods. Montreal would be able to undersell all competitors in these articles, and would thus attract buyers from all Canada for other goods and displace Toronto and Hamilton as a wholesale center. Hence, "to the Montreal merchant Mr. Galt's tariff was a veritable balm of Gilead; to the merchant of Toronto, wormwood."¹⁴

Galt undoubtedly had in mind the effect of this change in diverting trade to Montreal and the St. Lawrence route. His interests and sympathies, so far as they were local, were bound up with that city. Quite aside from this natural prejudice, he considered it a matter of not merely local but of national importance that as far as possible importations from abroad should come by a Canadian port, and help to build up Canadian shipping, railways, canals and importing trade. It was simply the principle of protection applied to commerce as well as to industry. The fact that it was a logical complement of the higher duties charged on home manufactures did not of course prevent those advocates of protection in Upper Canada whose interests were adversely affected from

¹⁴Canadian Merchants' Magazine, March, 1859, p. 169.

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complaining loudly. Newspapers and Boards of Trade fulminated against it, but Galt held firm, and the new arrangement soon became an accepted fact. It did not produce the revolutionary change in trade channels that was both hoped and feared — it was not so easy as it sounded for Montreal merchants to build up direct connections with the East — but it contributed in no small degree to the building up of the St. Lawrence route and to the prosperity of Montreal, or, as the Toronto newspapers preferred to put it, of “a few Montrealers already over-rich.”

So far as revenue was concerned, the results justified Galt's expectations. Customs receipts increased from \$3,368,000 in 1858 to \$4,456,000 in 1859, due in part to a slight revival of trade but more so to the increase in rates. Excise returns and special revenues also increased, while expenditures were cut a million. As a result, the \$2,500,000 deficit of 1858 fell to \$450,000 in the following year. The deficit increased slightly in 1860, and notably in 1861, when the interruption of trade, through the American Civil War, upset all calculations, causing a falling off in customs duties alone of three quarters of a million in the latter half of the year. For 1862 the deficit, unless still further taxes were imposed, promised to soar to nearly three millions. Looking ahead Galt declared it might be assumed that the normal revenue in the immediate future might be taken as \$8,000,000, and the expenditure as \$10,000,000. How make up this deficiency? This was the task which he assayed in his Budget of 1862, the last framed during this first tenure of office. It is notable as showing the tendency away once more from high tariff duties.

In 1859 the low customs or excise duties imposed by the United States on certain articles of wide consumption, it has been seen, prevented Galt from following his inclination and securing the needed new revenue from

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these sources. Now the troubles of the Republic were a finance minister's opportunity. Galt at once determined to raise the excise duties on spirits, beer and tobacco to the new level which the needs of war had compelled the United States to adopt, and to increase the customs duties on tea and coffee, sugar and molasses, in substantially the same proportions. These increases, he estimated, would yield a million in what was left of the current fiscal year, and two millions and a quarter in a full year. Stamp duties on promissory notes, receipts and bills of exchange were to bring in \$400,000.

As an offset to these increases the Finance Minister proposed to lower the customs duties whose increase had been the feature of the budgets of 1858 and 1859.

"I think the time has arrived," he declared, "when, taking advantage of the new taxation imposed across the line, we may reconsider the general rate of customs duties on manufactured goods imported into this country; and I think we may now very properly endeavor to cheapen them to the general consumer. . . . I think, in fact, that it is absolutely necessary this reduction should be made, because I find from the experience of past years that as the duty has been augmented the consumption has been diminished. . . . We now have an opportunity of reinvigorating our trade by reducing the duty on foreign goods. I propose making a reduction of the 20 per cent. list to 15 per cent., and of the 10 per cent. list to 7½ per cent. (Hear, hear.) . . . I think the time has come when it will be found advantageous to our revenue to aim directly at one object in the alterations we propose—we must seek to get the utmost we can, coupled with unrestrained and unembarrassed trade. If on the one hand we get increased trade by a low tariff of customs, it is equally clear on the other that every article made in the country will be decreased in value to the consumer by the reduced amount of duty imposed upon that particular article at the custom-house.

We cannot avoid seeing that one of the causes which will operate against the United States, both in retaining their present inhabitants and in attracting additional population, is found in the very high duties they have been compelled to impose. If our duties are less than theirs, we may reasonably hope that a large amount of immigration may be attracted to our shores. I think, also, it

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will be found that a very considerable increase in our trade will be the result of the mode I propose to adopt in the imposition of duties. It is quite within the knowledge of every member of the Committee that, justly or unjustly, strong opinions are held not only in England but in the United States as to what they are pleased to call our very high duties. They have never taken into account the circumstances which have compelled the imposition of those duties, for there never was a time before in which the Legislature could consider such a method of raising the revenue as is now proposed. Never before were we able to raise the revenue of the country in any other way than by comparatively heavy duties on imported goods, and there has hitherto prevailed great ignorance of the circumstances under which our financial legislation has previously taken place. We are now permitted by circumstances to reconsider this legislation, and to place it on a footing which will be more consistent with sound political economy, and consequently more conducive to the prosperity of the people. In addition to the causes which lead us to consider the propriety of reducing our duties, it must also be remembered that it is very desirable, when we are engaged in the consideration of the question of the defence of the country, that we should do our best to deprive the only party in Great Britain who are opposed to the maintenance of the connection with the mother country—of which we are so proud and to which we are all so devoted—of the sole cause of complaint which they can bring against us. (Hear, hear.) Again, in the case of the United States, it is evident that the ground upon which they have endeavored to set up an agitation upon the subject of the Reciprocity Treaty, rests precisely on the same footing as the complaints made in the mother country. There they have endeavored to arouse the selfish feelings of the New England manufacturers and to yoke that interest with the forwarding interest of the State of New York, so as to foment an agitation against the treaty for their own unworthy objects. If we can do so with advantage to ourselves and without detriment to the revenue, it should be an object with us to endeavor to satisfy parties with whom we have such large commercial transactions.

The change in policy thus outlined is significant of the change in popular feeling and of the readiness of Galt himself to review his position at any time in the light of new facts. Before the new Budget was adopted, the Cartier-Macdonald ministry had fallen. W. P. Howland,

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Minister of Finance in the Sandfield Macdonald-Sicotte government, accepted the excise increases, and, with some variations, the increased duties on tea, sugar, coffee and molasses, but he omitted the stamp duties, and declined to make the reduction Galt had promised on manufactured goods. It is important to note, as indicating that protection had not yet become a party cry, that though Brown welcomed this promised reduction, Foley and McGee, speaking for the Opposition in the House, attacked Galt for abandoning incidental protection. The changes were not put into operation soon enough to reduce the deficit of 1862 materially, but they added substantially to the revenue in the following year. Meanwhile Galt's plans for lowering the general tariff were postponed until a more auspicious occasion — the first budget of the new Confederation.

In the budget of 1860 Galt introduced an interesting innovation—the establishment of Free Ports at the two extremities of the province. To encourage the fishing trade in the lower St. Lawrence, and the development of farming and mining in the region north of Lake Superior, he proposed to make two free ports, one comprising the town of Gaspé and the district around it and also the Labrador coast as far as the straits of Belle Isle, the other Sault Ste. Marie and the district west of it. Permission would be given to import free of duty all articles needed for consumption within these limits, or for the use of American fishing vessels which would call at Gaspé. The rapid development of these districts, it was hoped, would much more than compensate the country for the loss in revenue. Owing to the isolation of both districts, the risk of smuggling into the other parts of the province was held to be negligible. The announcement of the experiment was received with approval on all sides. It proved a marked success, though in some ten years' time

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United States complaints that it facilitated smuggling, and the extension of settlement within the province, made it necessary to bring the experiment to an end.

The final phase of Galt's activities as Minister of Finance in this period which calls for notice is his proposal to alter the basis of the banking and currency system of the country.

The year 1858 witnessed the formal adoption in Canada of the decimal system of currency. As early as 1851 Hincks had introduced resolutions, which passed the House, urging the adoption of the decimal system, with the dollar as the unit, and the provision of a provincial currency to correspond. The confusion between the different standards of account, sterling, Halifax currency and the United States dollar basis, and the multiplicity of coins, gold and silver, which were used as media of exchange, rendered reform essential. The British government urged establishing the sterling standard, and when this proved unacceptable, suggested that the decimal system should be based on the pound currency and not on the dollar as the unit. The feeling of the business community, however, was overwhelmingly in favour of assimilating the currency to the American system, while retaining the British sovereign as legal tender and as the bullion standard. A measure passed in 1853 legalized the decimal system, with the dollar unit, and from that time the banks and the majority of business houses adopted the new system. A supplementary measure of 1857 required all government accounts to be kept in dollars and cents, and with its coming into force in 1858 the old historic but inconvenient chaos of Halifax and sterling currencies rapidly passed away.

More far-reaching were the proposals for currency reform made in 1860.

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The Canadian banking system, modelled in large part on Alexander Hamilton's plan for a national bank, and more indirectly on the Scotch banks, had thus far achieved a high degree of success. The Bank of Montreal, the Bank of Upper Canada, the Commercial Bank, the People's Bank, the Farmers' Bank, the Banque de Peuple, the Gore Bank, the Quebec Bank, and the Bank of British North America, had been in existence and flourishing at the Union. They were all chartered banks; that is, a special act of the legislature was required to permit any bank to start. They were permitted to issue notes against their general credit, and to establish branches. Popular discontent with the restriction of credit practised by the banks in the crisis of 1847-8 led Hincks, in 1850, to introduce a free banking act, which permitted the establishment, on the New York model, of local banks by any group of capitalists who fulfilled the requirements—purchasing provincial bonds to the amount of notes they desired to circulate. Only three banks came into existence under this law—the Molsons, Zimmerman, and Niagara District Banks—since a bank which had to lock up its capital in the purchase of government securities and received only an equivalent amount of notes, was handicapped as against a bank of the older type which could utilize both its capital and its asset-secured currency. Cayley, in succeeding Hincks in 1854, let down the bars further. Charters were granted banks without proper insistence in some cases upon the payment of an adequate proportion of the subscribed capital, beyond the one-tenth of the capital now required to be invested in provincial securities. Several banks were chartered at this period, destined to a large and honorable service—the Bank of Toronto, established by the milling interests of Upper Canada, the Eastern Townships Bank, with its head office at Sherbrooke, of which Galt was one of the promoters, the Union Bank, the Ontario Bank, and the Bank of

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Canada, which later developed into the Canadian Bank of Commerce. But others of a less desirable character were also established—the Colonial Bank, the Bank of Brantford, and the International Bank—all fraudulent devices designed by shady American promoters to float the maximum of worthless bills in the neighboring states.

The crisis of 1857 was not without effect on the banks and on banking legislation. The essential soundness of the principles in force was shown by the fact that during the years 1857 and 1858 not a single bank failed, though bank after bank was crashing in the neighboring states. In 1859, however, the Colonial and the International closed their doors under scandalous circumstances; the Bank of Upper Canada, the chief financial institution of the Western section, was really in sore straits, though it managed to conceal its condition for some years longer. There was not a bank which did not have to write off large losses sustained through countenancing the railway and land speculation of the preceding years. Some doubt began to be felt of the safety of the note issues of all the smaller banks. At the same time, resentment was expressed against the banks for suddenly shortening sail at the onset of the crisis. Circulation and discounts were cut one-third, the funds usually provided for moving the crops were not forthcoming, the milling and other industries were hampered, and much distress followed. Undoubtedly it was only prudent to bring the orgy of speculation to an end, and the banks were often blamed for what was the fault of the over-speculative business man, but still many of the banks themselves had not been without fault and the curtailment of credit facilities was abrupt and in some cases indiscriminate.

It was under these circumstances that Galt endeavoured in 1860 to establish a new policy. In order both to make the note circulation absolutely safe and to obtain a revenue for the province he urged that for the future paper

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money should be issued only by the state. He proposed to establish a provincial treasury department, with the sole right to issue paper currency, which was to be legal tender, and redeemable in specie on demand. An issue of ten millions was to be authorized; one-fifth of the amount in circulation was to be held in specie and one-fifth in government securities; any issue beyond the ten millions was to be covered entirely by specie or securities. Banks chartered in future were to have no right to issue notes. The existing banks would retain their privileges until the expiration of their charters; meanwhile they were offered inducements, including the repeal of the one per cent tax on circulation, to surrender their rights. The banks were to be given notes on delivery of one-fifth the amount in specie, one-fifth in government securities, and three-fifths in the shape of a first lien upon their general assets, and they were to pay a tax of three per cent on circulation up to half their paid up capital and of four per cent on the excess.

The proposals were met with a storm of opposition from the banks, especially the smaller ones, which depended more upon their note circulation for their profit. The new scheme would greatly curtail the profit from circulation. This prospect led many business men to back the opposition of the banks. The elasticity of the note issue, which was a marked and valuable feature of the Canadian system, would be threatened, smaller branches might be closed, and in some way, it was felt, the banks would endeavor to get out of the borrowing public the profits they had to give up to the government. Some doubt was felt, too, of the wisdom of giving any government the additional power its control of the issue of notes would involve. Accordingly Galt yielded for a time, as Lord Sydenham had been compelled to do in 1841 when he induced Hincks to bring in a somewhat similar

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measure. Later, Galt and Hincks were to see their schemes meet with at least partial success.

Throughout his tenure of office, Galt enjoyed the confidence of the business public in an unusual degree. Differences of opinion often existed as to the wisdom of specific acts, and the recurrence of deficits throughout his term gave the Opposition regulation openings for criticism, but the public respect for the skill and resource of the Finance Minister was unshaken. The power which he had in unusual degree, a power surpassed only by Gladstone among his contemporaries, of making financial statements lucid and interesting, contributed not a little to the high reputation he attained.

CHAPTER XI

Canada and the United States

Early Relations with the Republic—Reciprocity: The Reciprocity Movement—The Working of Reciprocity—United States Complaints—Galt's Defence of Canada's Policy. The Civil War: Earlier Anglo-American Friction—British Attitude during the Civil War—Resentment in the North—The Changing Attitude of Canada—The *Trent* Affair—Galt's First Diplomatic Venture—The Interview with Lincoln—Passing of the Crisis—Later Trend of Feeling and Policy—The Aftermath.

IN the fifties and sixties the relations between British North America and the United States became, for the first time since the close of the War of 1812, of foremost importance. They were of distinct interest in themselves, alike in trade and in political and military matters. They determined, in no small measure, the development of policy and of sentiment in another field of great importance in this period,—the relations between the colonies and the Mother Country. Not least significant was the outcome in hastening Confederation, and in influencing its form and character.

In the generation preceding the union of the Canadas, direct relations between the Republic and the British provinces in North America had been scanty. Bitter memories of 1776 and 1812 raised a barrier, especially in Canada, where the United Empire Loyalist tradition still glowed strongly, and where the sacrifices and successes

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of the second war had kept the fires burning. The unsettled boundary questions bequeathed by the treaty of 1783 provided sources of friction. On each side of the border, there were domestic issues sufficient to absorb all interest—in the Canadas, the questions of self-government and racial ascendancy; in the United States, the struggle against the wilderness, the opening of the Mississippi valley.

Economic factors had not yet acquired sufficient weight to counteract these forces. There was relatively little commercial intercourse or need for intercourse. Immigration from the United States into Canada had dwindled, partly as a result of the hostility of the Canadian authorities after the war, more as a result of the opening of boundless opportunities in the western sections of the United States itself. Trade was hampered both by lack of transportation facilities and by the presence of tariff barriers and restrictions. Roads were few, canals only beginning to be built, railways a development of the future.

For the first few years after the union in 1841, there was little increase in intercourse, and less in friendliness. The rapid expansion of westward settlement in the United States had given urgency to the unsettled border questions, and the aggressive temper of the American people, born of unclouded material success and the lack of sobering foreign responsibilities, made any peaceful issue difficult. Alike in Oregon, in Texas, and in Maine, the Republic and the Empire came near to clashing, but at length the good sense of the statesmen of both sides triumphed, and by the close of the forties, all three issues were practically settled.

With these difficulties solved, the way was clear for the operation of the forces making for closer relations. The building of canals and railways multiplied intercourse. The settlement of the Great Lakes sections of the Ameri-

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can west created the need and the opportunity of developing the St. Lawrence outlet. Most immediately important, the abolition of the preference on Canadian grain in Britain created the need for new markets, and the greater fiscal autonomy granted the colonies at the same time, made it possible to find, or at least to seek them.

The colonial system was vanishing, but its fruits lived after it. The colonial relation had bred a habit of dependence, of looking everywhere for salvation but at home. Access on favored terms to the British market had long been considered the basis of Canadian prosperity; hereafter, for many a day, access to the United States market was to be considered indispensable.

In Canada, the movement for reciprocity, or reciprocal lowering or abolition of tariff duties between the two countries, was not seriously advocated until 1846. It was not long, however, until it had the almost unanimous support of the province. The bankruptcy of the milling and forwarding interests after the repeal of the Corn Laws, which brought with it incidentally the repeal of the preference on Canadian wheat, the great and undeniable contrast between the prosperity south of the border and the stagnation north of it, the growth of transportation facilities and projects, the settlement of the border disputes, all combined to give it impetus. The movement found able advocates. The most untiring was William Hamilton Merritt, of St. Catharines, who had earlier taken the lead in urging an extensive canal building programme. Hincks, as the financial authority in the Baldwin-LaFontaine ministry, at first gave it hearty support, though later, piqued by the indifference of Congress, he advocated a policy of retaliation to bring the United States to reason or to give Canada independent strength. Lord Elgin early threw himself into the movement, in the conviction that reciprocity was the only alternative to an-

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nexation, the only other means of restoring the vanished prosperity of the colony.

The case was otherwise across the border. In the United States, the proposals met with the indifference natural in a country so much more populous and prosperous than its neighbor. The American form of government, with its separation between executive and legislature, its lack of any central responsible authority to agree upon and carry out a definite policy, made negotiations difficult and irritating. One factor which counted in favor of reciprocity was the low tariff sentiment of the period. The free trade South was in the saddle; the same year which saw the abolition of the Corn Laws in England saw the introduction in the United States of the moderate Walker tariff. Yet in another way the dominance of the South and of the Democratic party made against the reciprocity proposals. The South was passionately opposed to the admission to the Union of any further free soil or anti-slavery states, and the opponents of reciprocity, contending that it would be a first step toward annexation, played upon this fear to block progress.

For years the project lagged. In 1846, the United States introduced the bonding system for Canadian exports and imports. In the same year, the Canadian legislature urged the British government to initiate reciprocity negotiations, and late in 1846 this was done. In 1847, Canada equalized the rates on United States and British imports, and in 1849, passed a bill, introduced by Merritt, offering reciprocal free trade in natural products. Twice in this period, in 1847 and again in 1849, corresponding bills passed the House of Representatives, only to be killed in the Senate. Missions of Merritt and of Hincks to Washington led to no definite results.

Then the tide turned. Congress at last was brought to look with favour upon the proposal. Several factors contributed to this result. First came the revival of the

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fishery dispute on the north-east coast. Access to the in-shore fisheries of the Maritime Provinces and of eastern Canada was becoming of steadily greater importance to United States fishermen, with the exhaustion of their own grounds, and at the same time the provinces were becoming more reluctant to permit such access except on their own terms.¹

Another factor was the growing conviction among the Southern senators that reciprocity, instead of being a first step toward political union, would be the surest means of killing the annexation sentiment in Canada. It was significant that the chief newspapers in Canada which had supported annexation, denounced reciprocity. The advocates of reciprocity took care to impress this view upon the Democratic leaders, with gradual success. The importance of this factor has often been overlooked in later times, but there is no question of its influence. During the late forties and the fifties, the absorbing question at Washington was the struggle, on the part of the south, to increase the area in which slavery was legalized and practised, and on the part of the north, to increase the free soil area. All other issues tended to be decided according to their bearing on this momentous point.²

Recognition should be given, also, to the part played by a man now nearly forgotten—I. D. Andrews. Andrews, when serving as United States consul at St. John, had become familiar with the resources of the provinces and enthusiastic regarding the widest possible expansion of trade relations between the provinces and the republic. For many years he devoted his whole time to the advocacy of reciprocity, and his able and unwearied efforts

¹See chapter XVI, The Halifax Commission.

²"The Reciprocity Treaty was carried and has since been maintained by the influence of Southern statesmen who believed that it would be a means of preventing the annexation of Canada to the Republic, a thing which they dreaded and, foolishly enough, thought likely to happen."—*Toronto Globe*, July 22, 1861.

See also Benton's *Twenty Years in Congress*.

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had much to do with smoothing away the difficulties which arose in administrative and legislative circles at Washington. He was the first to make a practical issue of the proposal to balance fishery concessions and market concessions. He collected material on every phase of the issue, and, what was more to the point, drove his facts home in season and out of season, arguing, dinnering, lobbying. For the greater part of this time, he acted as an agent of the United States treasury, but he incurred on his own initiative very large expenses, which he sought afterwards to recover. The Canadian government made him a grant of \$40,000, which he accepted, pending an attempt to secure reimbursement from his own government, but with the change in the administration after 1860, he found his friends and influence gone, and never received any recompense save the appointment as United States Consul-General for Canada. Unseemly squabbles among his assistants for a share of the money long disturbed the executive offices both in Canada and in Washington.³

Another decisive factor was the able diplomacy of Lord Elgin himself. With the ground prepared by Andrews, and the authorities at Washington anxious to have the fisheries question settled, what was needed was a skilled diplomat to seize the auspicious opportunity. Elgin, shrewd, eloquent, tactful, admirably played the part. In a brief visit to Washington in 1854, accompanied by

³Lord Elgin's first biographer declares: "The Reciprocity Bill was not a measure about which any national or even party feeling could be aroused. . . . It stood, therefore, especially in need of the aid of professional organizers; a kind of aid of which it was of course impossible that either the British or Canadian governments could avail itself."—Walrond, *Letters and Journals of the Earl of Elgin*, p. 107.

As a matter of fact, Andrews played exactly this essential part of "a professional organizer." For a description of his services, and of the contribution made by his Canadian co-workers, see *A Sketch of the Rise and Progress of the Reciprocity Treaty*, Toronto, 1863, by Thos. C. Keefer.

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Hincks and by Chandler of New Brunswick, he did much to smooth away local antagonism and to concentrate the attention of the Treasury Department and of the Senate on the measure long enough to pass it. The impression given by his airy secretary, Lawrence Oliphant,⁴ that the treaty was floated through on champagne, exaggerates the part played by Elgin's hospitality, and in fact exaggerates the importance of Elgin's services altogether, but there was no question that the astuteness and bonhomie of the Governor-General played an essential part in the outcome.

The agreement took the form of a treaty, not of concurrent legislation, as it was necessary to include fisheries as well as tariff matters. The essential terms were the reciprocal abolition of duties on nearly all farm, forest, mine and fishery products, the reciprocal opening of the inshore fisheries of both countries, and the free navigation of the St. Lawrence river and canal system on the one hand, and of Lake Michigan, and, contingent on state acquiescence, the state canals, on the other. The treaty was to continue in force for ten years, and indefinitely thereafter until one year's notice had been given by either party. The acts necessary to carry the treaty into effect were passed by Congress in August, 1854, and by the legislatures of the United Kingdom, Canada, Prince Edward Island, New Brunswick and Nova Scotia in the four months following; Newfoundland concurred in July, 1855.

For the first few years of its operation, the reciprocity agreement worked to the entire satisfaction of both countries. Then about 1859, United States interests began to attack the treaty, or rather the combination of measures regulating the relations of both countries of which the treaty formed only a part. At first the criticism was based on economic grounds. When the Civil

⁴Oliphant, *Episodes in a Life of Adventure*.

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War was well under way, political opposition reinforced the economic discontent with the measure, and as result the United States, at the earliest possible moment, took steps to have it abrogated.

In reviewing the reasons for this unexpected development, it may first be recalled that the chief matters covered by the treaty were the fisheries, the navigation of the St. Lawrence system, and access to the markets of both countries.

So far as the fisheries sections of the treaty were concerned, there was little ground for complaint on either side. The fishermen of the provinces found a steadily increasing market in the United States, and the fishermen of the south, until the needs of the navy during the war called them home, made a notable haul in our inshore fisheries.⁵

The navigation provisions gave more ground for dispute. They are of special interest as an illustration of the curious twists and turns that occur in international dealings when the underlying assumption on both sides is that one country's gain must be the other's loss.

The United States had long claimed the right of its vessels to navigate the St. Lawrence system to its mouth. The claim was based on assertions of the 'natural right' of a country possessing territory on the upper part of a river system to send its ships and its goods to the sea,

⁵Exports of Sea Products,

Province of Canada to United States:—

1853.....	\$ 73,422
1856.....	140,948
1859.....	201,588
1862.....	1,087,018

Value of fish taken by U.S. vessels in the Gulf of St. Lawrence and Canadian Waters, etc.:—

1853.....	\$ 276,000
1856.....	1,265,700
1859.....	528,000
1862.....	267,000

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whatever other country might hold its lower banks. The British Government had denied, and correctly, that any such natural right was recognized by international law. The obvious fairness of the demand, however, and the growing spirit of liberality in commercial intercourse was gradually bringing about the establishment of such a privilege by treaty agreement, in the case of all the great rivers of the world. When the Reciprocity Treaty was framed, both sides agreed to take down the bars.*

Reciprocity in navigation worked well, so far as it was tried. Each country complained that the other did not permit a full and fair trial. Canadians pointed out that while their vessels were admitted to Lake Michigan, they were still forbidden the use of the state canals. There is no record that the United States government even attempted to induce the states of New York and Michigan to extend these privileges, and had it done so, it is probable that the influence of the forwarding companies in those states would have prevented compliance.

In the negotiations preceding the treaty, the Canadian authorities had always pictured the opening of their rivers and canals as a favour to the United States. Such it undoubtedly was. The western states were rapidly filling

ARTICLE IV

It is agreed that the citizens and inhabitants of the United States shall have the right to navigate the River St. Lawrence and the Canals in Canada, used as the means of communicating between the Great Lakes and the Atlantic Ocean, with their vessels, boats and crafts, as fully and freely as the subjects of Her Britannic Majesty, subject only to the same tolls and other assessments as are now or may hereafter be exacted of Her Majesty's said subjects. . . .

It is further agreed that British subjects shall have the right freely to navigate Lake Michigan with their vessels, boats and crafts, so long as the privilege of navigating the River St. Lawrence secured to American citizens by the above clause of the present Article shall continue and the Government of the United States further engages to urge upon the State Governments to secure to the subjects of Her Britannic Majesty, the use of the several State Canals on terms of equality with the inhabitants of the United States. . . .

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up, and were seeking an outlet for their products more satisfactory than the Mississippi route afforded. The Great Lakes, with the St. Lawrence river and canals on one side and the Erie canal and the Hudson on the other, seemed to offer the natural channels desired, and while New York would have preferred to secure the whole western traffic for the Erie Canal, the West was sufficiently strong to insist upon having the opportunity to choose between Buffalo and Montreal. Yet quite aside from the reciprocal opening of United States waters to Canadian vessels, Canadians considered that the treaty provisions were to their own advantage. The more United States vessels that could be induced to use the Canadian route, the better for their merchants and for the development of their ocean trade. In fact, the chief dispute as regards the navigation clauses arose precisely because Canada endeavoured to force United States vessels to make greater use of the Canadian route.

The canal system on which the province had set such great store never realized the hopes of its promoters. As has been seen,¹ the railway came to rival the waterway even before the Canadian canals had been completed. Yet this rivalry did not suffice to explain the slow growth in the tonnage on the St. Lawrence. The Erie, which was only a barge, not a ship canal, and which charged higher tolls, flourished abundantly. The reason lay in the advantage which New York enjoyed over Montreal in abundance of ocean shipping and in the consequent lower rates; Montreal was handicapped by winter frosts, by the unlighted dangers of the lower river stretches, by the lack of large return freights, and by the competition of timber, bountied until 1860, with other outward cargo. Accordingly in 1860, the Canadian ministry, on Galt's advice, took a step intended to stimulate the use of the Canadian route. Vessels and goods which had paid tolls

¹Chapter IV.

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on the Welland Canal would have ninety per cent of the tolls refunded upon entering the St. Lawrence canals or a Canadian port, and would be charged nothing for the use of the St. Lawrence system. Corresponding reductions were made to vessels coming in the other direction. Thus a premium would be put on carrying cargoes by the St. Lawrence route throughout, instead of by Buffalo, Rochester, Oswego or Ogdensburg. This measure was at once attacked as a discrimination in plain violation of treaty promises. It was blandly pointed out in reply that the treaty forbade discrimination against United States vessels, not against United States routes. American objectors, rejoined that the spirit, if not the letter, had been broken.*

{ Passing to the most important phase of the treaty, its provisions for greater freedom in the exchange of goods, there is no question as to the powerful stimulus which it gave to trade across the border line. In the thirteen years during which the treaty was in full or partial operation,^o trade doubled and trebled. Both imports and exports grew, and there appeared no ground for complaint on the part of United States producers, in view of the

<i>Movement of U. S. Breadstuffs</i>			
<i>By the St. Lawrence Route</i>		<i>By the Erie Canal</i>	
Year	Bushels	Percentage	Bushels
1856	1,209,612	7.3	15,342,838
1857	1,920,280	15.4	10,601,582
1858	1,876,938	12.01	18,757,283
1859	1,988,759	16.08	10,871,966
1860	1,846,462	7.16	23,912,000
1861	3,103,153	8.26	34,427,800
1862	5,320,054	11.04	39,240,131
(Report of Finance Minister, 1862).			

^o "The treaty may be said to have been thirteen years in operation, for though nominally it began late in 1854 and ended early in 1866, the traffic was pushed with such energy during the months of its operation in these two years, as to place them on an equality with the other years."—Memorandum of Sir Edward Thornton and Hon. George Brown on the Reciprocity Negotiations, 1874.

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fact that there was in this period a "balance of trade in their favor," a surplus of exports over imports, amounting, according to the United States returns, to twenty million, and, according to the provincial figures, to ninety-five million.¹⁰

A large part of this increase was due to the better facilities for transportation. Canadian imports, in the early years, were stimulated by the demands of railway construction, and United States imports, in the later years, by the demands of war-time. Making all due allowances, however, the treaty undoubtedly was responsible for a great part of the increased traffic. This was only to be expected. More surprising, or at least less familiar to later generations, is the fact that the same articles figured largely both in the exports and in the imports list. The products of the farm made up the great bulk of the imports of both countries. To some extent this indicated that the United States was acting as a middleman, importing the grain of Canada and sending it on to the Maritime Provinces. More generally, it reflected the fact that, with

¹⁰ *Trade between United States and B.N.A. Provinces, 1854-1866.*

	In gold, Exports from U.S. to B.N.A.	Imports into U.S. from B.N.A.
B.N.A. Provinces Returns	\$363,188,088	\$267,612,181
United States Returns	\$346,180,264	\$325,726,520
		—Ibid.

Trade between United States and B.N.A. Provinces, 1852-1866

				In millions of dollars		
Exports to U.S. (Home Produce only)			Imports from U.S.			
Canada	N.B.	N.S.	Canada	N.B.	N.S.	
1852 ..	6.2	.4	.5	8.4	1.9	2.0
1854 ..	8.6	.4	1.5	15.5	3.5	2.8
1856 ..	17.9	.8	2.0	22.7	3.5	3.3
1858 ..	11.9	.8	2.0	15.6	2.8	2.9
1860 ..	18.4	1.2	2.2	17.2	3.4	3.2
1862 ..	15.0	.8	1.8	25.1	2.9	3.0
1864 ..	7.7*	1.2	2.4	10.4*	3.3	4.3
1866 ..	34.7	1.8	3.2	20.4	3.7	4.0

*In case of Canada, half year; fiscal year changed from calendar year to period from July 1 to June 30.

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tariff barriers down, geographical convenience became the ruling factor in determining the lines of traffic.

What, then, were the grievances of the United States interests which after 1858 opposed the existing arrangements so strongly? It was simply that the province of Canada—no complaint was brought against the Maritime Provinces—had violated the spirit of the treaty by adopting a policy of high protective duties on manufactured goods, designed to exclude United States manufactures from the Canadian market. Canadian importation of United States manufactures had unquestionably fallen off after 1858; this decrease coincided with the imposition of higher duties in Canada and with the rise of a strong protectionist movement, shared or reflected by the Minister of Finance. The conclusion was drawn that the barrier had been raised intentionally. And while manufactures were not explicitly included in the list of free goods, it was contended that it had been assumed on both sides that no change would be made in this regard, and that in the course of the negotiations, phrases to that effect had been dropped by the Canadian or British representatives. The change adopted by Galt in 1860 in the method of levying duties was also charged to be intentional discrimination against the United States.

During 1859, so many complaints against Canadian policy were made by the border cities that the Treasury Department at Washington appointed two Commissioners, Messrs. Hatch and Foster, to investigate the facts. They condemned strongly the actions of the Canadian government, but made it clear that it was only to 'one-sided reciprocity' that objection was offered. Complete reciprocity of trade, possibly through a Zollverein or Customs Union, would meet the requirements. Their complaint was echoed by resolutions of the New York State legislature, and, in 1862, by a Committee of the House

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of Representatives. It was clear that the Canadian authorities must offer some defence or explanation of their policy.

The task of reply naturally fell to Galt, as Minister of Finance, and advocate of most of the specific proposals in question. It was a task to his liking; few writers on finance had his power of clear and trenchant argument. In a report of the Privy Council, which he drew up in March, 1862, he dealt first with the charge that the increase of duties on manufactures was a violation of the spirit of the treaty, and directed against United States producers. The treaty, he contended, made no mention whatever of manufactured goods. The United States itself had insisted upon a strict interpretation, subjecting flour ground in Canada from United States wheat, and lumber cut in Canada from United States saw-logs, to import duty. Had any obligation existed not to increase duties on manufactured goods, it surely rested on both countries equally, and yet the United States had also raised its duties much higher. The increase of rates had been absolutely necessary to meet the heavy expenditures of the province, and if, as United States critics charged, a policy of incidental protection had been adopted, and avowed by the Minister of Finance himself, its purpose was to aid Canada, not to injure the United States. At any rate, it was not for the high tariff pot to call the lower tariff kettle black.

As to the discrimination involved in the change from the specific to the ad valorem basis of levying duties, Galt could not deny his own statement that the change was made in order to encourage importation by the St. Lawrence rather than by United States ports. He replied, however, with the usual *tu quoque*, pointed out that the change made in 1859 was merely a reversion to the basis which existed when the treaty first went into force, and

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contended that it merely put Montreal on a level with New York instead of being discriminated against as formerly. The provision for refunding canal tolls, further, gave an advantage to the Canadian route, indeed, but left United States and Canadian vessels on an equality, and it was equality as to vessels that the treaty prescribed. Moreover, the United States had not carried out nor tried to carry out, the treaty provision of urging the separate states to open their canals to Canadian vessels; until they did and until they abolished the tolls, they had no standing in court.

Galt concluded by a strong condemnation of the proposed Zollverein. "The project of an American Zollverein," he contended, "to which the British provinces should become parties, is one wholly inconsistent with the maintenance of their connection with Great Britain, and also opposed, on its own merits, to the interest of the people of these Provinces. It requires no great foresight to perceive, that a Zollverein means the imposition of duties by the confederacy, on articles produced outside the confederation, coupled with free trade among its members. In other words, Canada would be required to tax British goods, while she admitted those of the United States free, a state of things that could only accompany a severance of all the ties of affection, nationality and interest that now unite Canada to the Mother Country. It would also be essentially against the interests of Canada—Great Britain is, to a far greater degree than the United States, the market for Canadian produce—and commercial relations should therefore be extended with her, certainly not interfered with. Besides, in the consideration of the rate of duties to be levied on imports, the United States, as being the more powerful country, would necessarily impose her views upon the confederation, and the result would be a tariff, not as now based upon the simple wants of Canada, but upon those of a

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country now engaged in a colossal war, which must for many years demand enormous contributions from the people, among the means of obtaining which Customs duties will certainly rank as an important source of revenue."

In the many discussions of the Zollverein or Commercial Union project which took place in the next thirty years, the case against such a policy was never more concisely or forcefully stated than in this utterance of Galt's, which was the first official reference to the subject. While opposed to such an alliance, Galt was, however, in favor of every measure of closer trade relationship compatible with the continued separate existence of the Colonies. There were, he declared, many respects in which it would be found beneficial to extend the operation of the Reciprocity Treaty with the United States. "The abolition of the coasting laws of both countries on their inland waters, the free purchase and sale of vessels, and the removal of all discrimination on the score of nationality, the extension of the privilege in both countries of buying goods in bond or by return of drawback, the addition to the free list of all wooden wares, agricultural implements, machinery, books and many other articles peculiarly of American manufacture, and the assimilation of the patent laws, all these and many other topics naturally offer themselves for consideration and do not appear calculated to cause any serious opposition."

From this brief summary, it is apparent that there were serious grounds of difference. Both for protectionist and for revenue ends the Governments of both countries were being driven to raise new barriers in the path of trade. The reciprocity treaty had been negotiated when free trade sentiment was at its height in both countries. In the United States a protectionist reaction had been shortly afterward stimulated, especially in New York State, by the powerful advocacy of Horace Greeley.

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After the Civil War broke out, the absence of the free trade Southerners from Congress permitted this sentiment to expand without restriction; the Morrill high tariff of 1860 was passed before the actual outbreak, but after the Southern representatives had withdrawn from Congress. In Canada, as has been seen, a similar tendency was well under way. Further, the need of meeting the war bill in the one country and the need of meeting the bill for the orgy of public works construction in the other, called for higher customs rates. Even so, agreement for renewal and extension of the reciprocity arrangement might have been reached, so obvious were its economic benefits, had not the situation been complicated by bitter antagonisms rising out of the conduct of the civil war and the attitude of Canada, and especially of Great Britain, to North and South.

The Civil War was a momentous period in the development of Anglo-American relations. All the animosity latent in both nations flared up to fighting height. In some measure Canadian action and Canadian sentiment contributed to the creation of American ill-will, but for the most part the quarrel lay between the Mother Country and the older daughter. As in 1812, Canada had little share in making the quarrel, but bore the chief brunt—through armed invasion in the earlier years, and through hostile trade action in the later period. In the sixties, in a contemporary phrase, Canada was a hostage for peace between Great Britain and the United States.

The relations between the two chief branches of the English-speaking people had long been unsatisfactory. In spite of the ties of race and tongue and creed, in spite of the political traditions and the outlook on life which men in Old England and men in New England largely held

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in common, the two generations that had passed since the Revolution had not brought understanding or cordial sympathy. The statesmen who had framed the Treaty of 1783, and especially the Englishmen responsible for the settlement, had planned on high, broad lines for a speedy reconciliation of the two peoples, but their hopes had not been fulfilled. A second war had followed, a third had more than once been threatened, and rancorous controversy had filled many a year.

In the United States, it might fairly be said that hostility toward Great Britain was the ruling political principle of the great majority of the people. The republic had no powerful neighbors; it had had no other foe, and thus relations with Great Britain filled the whole horizon of its people. There was no other antagonist to divert the lightning or compel responsibility. Prejudiced textbooks and bombastic Fourth of July orators kept passions hot. The Fathers were idealized, and George the Third and his advisors painted a deepest black; the German mercenaries and Indian allies of Britain were remembered, and the sufferings of the Loyalists forgotten. Resentment of the never-ceasing flow of ill-natured criticism from English travellers and book-makers kept the wounds open. The Americans before the war were peculiarly sensitive to criticism, and it is a curious proof of the latent sympathy which outward acts denied, that criticism by Englishmen awakened anger when criticism by other Europeans was ignored as being due to envy.

The Englishman, on his part, rarely felt hatred toward his transatlantic cousin. Contempt, real or assumed, was the more common sentiment in the ruling circles. Irritation over the defeats which had been suffered, as much by their own muddling as by the valor of the enemy, rankled long. A greater offence lay in the democratic aims and ways of the young republic, which were felt to be a menace to aristocratic privilege the world over.

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Tory travellers brought back wondrous tales to feed this flame, condemning and ridiculing everything American from the bad roads, the unspeakable hotels, and the overheated rooms to the universal bad manners, the bragging and blustering, the dollar-hunting greed of the individuals and the corruption and inefficiency of the nation. True, an occasional Radical sailed across to prove that democracy made all men prosperous and virtuous and noble, and found what he sought, but the great majority of these visitors, from Captain Marryat, avowing his object "to do injury to democracy," to Mrs. Trollope, urging her countrymen to avoid "the jarring tumult and universal degradation which invariably follow the wild scheme of placing all the power of the state in the hands of the populace," followed Mr. Weller's advice, to visit the United States, "an' then let him come back and write a book about the 'Merrikins as'll pay all his expenses and more, if he blows 'em up enough." Much of the criticism was deserved, but much had its root only in ignorance and snobbery; deserved or not, it kept up the irritation and misunderstanding.

In the fifties, it had appeared that relations were improving. Intercourse was increasing, old memories fading. The tariff survived to rouse the resentment of the free-trading Englishman, filled with all the zeal of the new convert, but the disputes as to boundary lines and rights of search at sea had practically all been settled. When the Prince of Wales visited the United States in 1860,¹¹ he was welcomed with tremendous enthusiasm, and rash prophets declared that the hatchet had been buried forever.

When the long conflict between South and North broke into open war, the sympathy of both Great Britain and

¹¹See next chapter.

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Canada, so far as it found expression, was for a few weeks overwhelmingly on the side of the North. Everyone knew that the issue was slavery, and with slavery few Englishmen or few Canadians had any sympathy. In its very first session the parliament of Upper Canada had abolished slavery, and the United Kingdom, forty years later, had set the world a good example by a wider measure of emancipation—though it must in fairness be remembered that it was easier to abolish slavery in a country with Canada's climate, or in a country thousands of miles away from the sugar plantations of Jamaica, than in a country where the negroes flourished and where the whole industrial system of great states rested on their broad backs. Nor was it expected that the struggle would be long; the Union could surely assert its authority soon, so why risk expressing any sympathy with an insurrection doomed to sure defeat?

This attitude changed with startling swiftness. Before the summer was over, the dominant classes in the United Kingdom were loudly expressing sympathy for the South, and in the Northern States a noisy faction was calling for war with England. Before the year was out, the two countries were actually on the brink of war, with Canada as the probable battlefield. What were the causes of this great revulsion or apparent revulsion of feeling?

So far as British sentiment was concerned, it is significant that the change came immediately after the news of the rout and panic of the Northern armies in the first battle of the war, Bull Run, fought within a day's march of Washington, some three months after the firing upon Fort Sumter.¹² The outcome of this battle, exaggerated in war correspondents' reports, was interpreted to mean

¹² "The ill news of last week," wrote Adams, the United States Minister at London, to Seward, on August 8, "has had the effect of bringing to light the prevailing feeling in Great Britain. . . . The division of the Union is now regarded as a *fait accompli*."—Rhodes, *History of the United States, 1850-1877*, Vol. III, p. 457.

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that the North could not conquer the South, and that its persistence in the attempt would simply mean a useless waste of men and money. In this belief, the most influential circles in England now became openly pro-southern or at least definitely opposed to the plans of the North to restore the Union. The aristocratic classes discovered that it was a war between the chivalrous gentlemen of the South and the plebeian counter-hoppers of the North, and were delighted with the many proofs of democratic incompetence in the management of the war. They believed, rightly, that a divided and discredited Union would be a lasting witness against democracy, and, more short-sightedly, that Great Britain's interests would be served by the weakening of a dangerous rival. The commercial classes became alarmed at the prospect of a famine in cotton, the basis of England's greatest industry, and gave weight to the fact that the South was free trade and the North protectionist in policy. As for slavery, the hesitation of Lincoln and the Northern leaders, who were anxious to conciliate the border slave states, and to appeal to the love of country which all felt rather than to the hatred of slavery which only a party felt, in making an open declaration in favor of the abolition of the accursed system, gave ground for those who wished to be so persuaded to assert that the issue was not really slavery but domination of one group of states over another. The most influential English newspapers, notably the *Times*, the *Morning Post* and the *Standard*, and weeklies like *Punch* and the *Saturday Review* became steadily more pro-Southern, or anti-Union in expression, filled with cheap sneers and irritatingly superior advice.¹⁸ The

¹⁸ "It may be imagined with what feelings I contemplated the rush of nearly the whole upper and middle classes of my own country, even those who passed for Liberals, into a furious pro-Southern partisanship; the working-classes, and some of the literary and scientific men, being almost the sole exceptions to the frenzy. . . . The durable resentment which England's ruling classes stirred up in the United States by their ostentatious wishes

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Daily News, the *Star*, and the *Spectator* remained friendly to the North, but they were in a small minority.

So far as government action was concerned, the attitude of Great Britain at this time was strictly correct. A month after the outbreak of war, the government issued a proclamation of neutrality, which incidentally involved the recognition of the Confederacy as a belligerent power. This action was fiercely denounced in the North, but in view of the probability of the war being carried on at sea as well as on land, Great Britain had no choice but to take this step in order to protect British maritime interests and to secure the application of the definite rules of international law to any transactions in which its subjects might be involved. In the following year the United States Supreme Court decided that the President's proclamation of blockade, in April, 1861, was "itself official and conclusive evidence that a state of war existed."

In the North, this recognition of the Confederacy as a belligerent power stirred deep resentment. The official Northern theory was that the Southerners were merely rebels, local rioters, entitled to no international standing. This position was untenable, in view of the plain facts of the magnitude of the struggle, but it was a natural one to take. The action of the British government was interpreted in the light of the hostility in private circles which soon became manifest, and was taken to be a forerunner of a recognition of the independence of the South. Even if recognition was inevitable some time, it was felt it was unduly hurried, and its proclamation on the very day that

for the ruin of America as a nation."—John Stuart Mill, *Autobiography*, 1908 edition, pp. 154-5.

"From the very opening of our strife to the last issue of that print [the *London Times*] which has crossed the water, its comments and records relating to our affairs have presented a most ingenious and mischievous combination of everything false, ill-tempered, malignant and irritating."—"Why has the North Felt Aggrieved with England?", *Atlantic Monthly*, November, 1861.

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the new United States minister, Charles Francis Adams, reached London, was felt to be an intentional insult. In Great Britain the news of this resentment was received with astonishment.¹⁴


The development of this ill-feeling in the North at once suggested to reckless and unbalanced leaders of opinion there, the possibility of creating a diversion which would unify the country. Seward, Lincoln's rival for the presidential nomination, and now in accordance with tradition made Secretary of State in his Cabinet, had cherished the idea that if a foreign war could be brought about it would rally all sections of the country around the old flag. In the "Thoughts for the President's Consideration," submitted on April 1, 1861, he had included this suggestion, with many equally preposterous, which Lincoln promptly put down. The idea still lingered, and found expression in Seward's draft of official despatches to the United States ministers in Europe, though fortunately Lincoln insisted upon their modification.

Official expression of this reckless readiness to seek war with Europe, and especially with England, was thus barred, but it was not so easy to govern unofficial opinion. Particularly active at this time in fanning the flames of ill-will toward Great Britain was a small group of newspapers, of which the New York *Herald* was easily the most rabid and the most effective. The *Herald* did not hold as distinctive and exclusive a place in American journalism as the *Times* did in English, but it had a very wide circulation, and its very recklessness gave it a notoriety and a position outside the United States not enjoyed by any other newspaper. Before the war it had been strongly pro-slavery and pro-Southern. Now it took up

¹⁴ George Carr Glyn, the London financial agent of the province of Canada, writes to Galt on June 26, 1861: "We are much surprised here at the extraordinary excitement in the United States against this country. I never remember an occasion on which the desire and intention of maintaining a strict neutrality was more clearly manifested."

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the cry against England and France, calling for war upon both countries, and threatening the annexation of Canada, Cuba, and all European New World possessions. Its ostensible purpose was to reunite North and South against the foreign foes; its real purpose, according to its critics, was to embroil the North in a fatal struggle which would make the separation and triumph of the South inevitable. Fortunately, the saner newspapers and statesmen of the republic gave no countenance to these ravings, but in public opinion, as in currency, there is a Gresham's law which leads to the exportation of the worst rather than of the best, and in the United Kingdom and in Canada the bluster and truculence of the *Herald* did as much to create ill-will as the sneers and jibes of the *Times* effected in the United States.

In Canada the shift of opinion was more surprising, but scarcely less complete. The people of Canada had followed the long and fierce political struggle over slavery with keen interest and with undoubted sympathy for the cause of freedom. The sobering realization of the difficulties which the problem held in store for the republic had been a decisive factor in abating annexationist sentiment. Yet while not desiring to link political fortunes, Canada had now entered into close commercial relations with the United States, and especially with the Northern states, and goodwill had multiplied on both sides of the border. When the struggle began, the hope was sincere and widespread in Canada that the Union could be maintained, and slavery be put down. 

In the opening days of the war, when boys at school in Canada were playing "North and South," it was difficult to find enough boys to take the Southern side in the game. As the months and years went on, it became difficult to find enough boys to play the game for the North.¹⁸ The

¹⁸Reminiscences of E. W. Thomson.

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youngsters merely reflected the feelings of their elders. The latent anti-Americanism, which was an inheritance from 1776 and 1812, flared up on every side. In some quarters it was caused by imitation of English views, in others by hopes that Canada would be safer if her overpowering neighbor were cut in half, and in others, again, by disappointment that slavery was not made the avowed and sole issue. But over and above all other factors was the irritation caused by the ill-mannered and indefensible taunts of the *Herald* and its ilk.

The change in Canadian opinion may best be observed from the columns of the *Toronto Globe*, as this journal occupied a special place alike in its fervid hatred of slavery and in its championship of British interests. "Ever since the secessionist movement began," declared the *Globe* on June 3, 1861, "we have strenuously supported the North; we have pointed out that the right is on its side, and we flatter ourselves that we have had no small share in the creation of that sympathy for the cause for which it is struggling which pervades all classes of the people in Canada. . . . We deny altogether that the policy of the governments of the United States has been such as to enlist our affections. . . . It is principally the recognition of the fact that the Southern rebellion is a great and shameful sin that causes us to side with the North; true, we acknowledge that the example set by the United States has been of infinite value to the cause of liberty the whole world over, and we would not have that example lessened in its effect by a civil war or by the destruction of the Union." Two months later, on August 7, the change in sentiment is noted: "The insolent bravado of the Northern press towards Great Britain and the insulting tone assumed toward these Provinces have unquestionably produced a marked change in the feelings of our people. When the war commenced, there was only one feeling, of hearty sympathy with the North, but now

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it is very different. People have lost sight of the character of the struggle in the exasperation excited by the injustice and abuse showered upon us by the party with which we sympathized." An American correspondent in the issue of July 29 places the responsibility for the change definitely: "That the change of feeling which has, I am sorry to see, taken place in the minds of many Canadians during the last three months in reference to the cause of the North is mainly attributable to the bombastic and defiant tone of the *New York Herald*, I do not for a moment question." Editorial comment on the same date is more discriminating: "We are aware that the *Herald* is chiefly to blame for this and that it probably did it to help the South, but the *Herald* was not alone in its work. Such papers as the *Albany Evening Journal*, the *New York Times* and the *Buffalo Commercial-Advertiser* joined it. The *New York Tribune* was free from this charge, and the *World* and the *New York Commercial* have done everything in their power to cultivate friendly relations with England. . . . A great deal of the sympathy with the North has now disappeared and there is amidst our population a very general sentiment of pleasure that the pride of the North has been humbled. We deprecate the existence of this feeling; we look upon the recent disaster (the Northern defeat at Bull Run) as a great injury to Canadian interests as well as to the cause of humanity, but we cannot wonder that people should smile at the present absurd position of a people whose leading journals were boasting only a week ago that they would wrest these provinces in defiance of the whole power of England."

The point of view of the *Herald* may be sufficiently gathered from the following editorial of mid-July: "The Canadian journals are terribly exasperated against the Northern press for the stand it has taken against the insidious designs of England, particularly the *New York*

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Herald, whose editor is styled a 'renegade'. . . . Now that we are endeavoring to defeat the projects of Great Britain, which seeks to divide us into two nations for her own selfish purposes, to re-establish upon the ruins of our great republic the commercial supremacy England has lost, we have fallen into disfavor with our Canadian neighbors. Till the programme of John Bull was known, the Canadian papers sympathized with the Northern States. But when the British statesmen showed their hands, then the organs of the provincials developed their true character and exhibited how little real independence they possessed and how they have been dragged at the tail of English domination. Let us hear no more of Canadian liberty. The provinces are still tied to their mother's apron string, and whatever way she may jump or kick up her heels they imitate her example. But as they have not yet attained to the stature or the good sense of manhood, we must excuse their childish course. When they are annexed to the republic, which is only a question of time—a question which may receive its solution before the termination of the present year—we will show them the way to act an independent part, and to assert the dignity and freedom of the Anglo-Saxon race." The editorial comment of the *Globe* on this modest effusion is in keeping: "The New York *Herald* was long a supporter of the rebellion; one day a mob attacked the office; next day it took a somersault and became a rabid supporter of the war. But its instincts and desires are still as traitorous as ever. Under the pretence of aiding President Lincoln it has endeavoured to arouse hopes of the speedy triumph of the North which it knows cannot be fulfilled. . . . And because it is a friend of the Southern republic it is endeavouring to force a war with England, knowing well that within a week after the commencement of hostilities every Southern port would be open and every Northern port closely blockaded." As an illustration of the saner

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United States viewpoint, the comment of the *Philadelphia Inquirer* in September, 1861, may be quoted. After denouncing the *Herald's* statement that the United States should make war on Canada and Cuba after this war, in revenge for England's and Europe's attitude, as "a monstrous crime," and referring to the cordial friendship for Canada general in the North, it concludes: "We may and do feel the false and ungenerous criticisms of the *London Times*, but there is no occasion to stir up hostilities with our good neighbors by insolent bragging and menace."

Canadian sentiment at this time was by no means uniform. Resentment against the braggadocio of the *Herald* was universal, but it did not lead in all cases to loss of sympathy with the cause of the North. In mid-September the *Globe* stated that fully one-half the Canadian newspapers were favorable to the North. For the most part the distinction followed party lines.¹⁶ In those days Conservatives, even Liberal-Conservatives, still retained something of conservatism; they were prone to doubt the wisdom of a wide suffrage and the unchecked play of the elective principle. Their leaders were more susceptible to English upper class opinion, and the rank and file numbered more of the Loyalist stock, with its inherited antagonism toward the republic.

With public opinion in this inflammable stage, suddenly in November, 1861, the commander of a United States warship applied the torch. The Confederate States had already sent diplomatic envoys to Europe, but without much avail. They had now determined to take advantage of the more favorable sentiment created toward the South

¹⁶Mount Forest *Express*, Ministerial, September, 1861, quoted in *Globe*, Sept. 16, 1861: "Canadian journalism has now become largely recreant to the principle of human freedom. We are bound to say that the reproach attaches principally to Conservative journals, but this again with honorable exceptions, among which the *Guelph Herald* bears illustrious distinction."

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by their victory at Bull Run and by the famine in cotton, to send more adequate representatives. Two Southerners who had formerly been United States ministers at European courts, Mason and Slidell, were selected, and having run the blockade to Havana, from there set sail on the British mail steamer *Trent*. Captain Wilkes of the *San Jacinto*, United States sloop of war, returning from a foreign station, learned of their mission, intercepted the steamer, seized the envoys, and took them to the United States, where they were held as prisoners of war. Wilkes' action had been taken on his own initiative, but it was at once ratified in the most emphatic fashion. The Secretary of the Navy and the House of Representatives formally thanked Wilkes, and in his private office the Secretary of War led the cheering when the news came. A few sober heads realized the danger of international complications. Seward made up for his earlier indiscretions by taking the side of conciliation almost from the first; and Sumner, chairman of the Senate Committee on Foreign Affairs, also agreed that the action of Wilkes could not be defended. The President leaned to the same opinion, but was not certain how far he could go in the face of public excitement.

The rights and wrongs of the incident were sufficiently disputable to give extremists on both sides ground for declaring 'no surrender,' though the weight of informed opinion then and since was against the right of a belligerent to seize an enemy envoy on a neutral vessel. Great Britain had long claimed the right to search neutral vessels on the high seas and take off by force any of her subjects found aboard, and her insistence upon this claim had been one of the main causes of the war of 1812. The United States had resisted the claim, and the world had now come to agree with it. Had Lincoln and his advisers been able to rise to the occasion, they could, by restoring the envoys at once and basing their restoration

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upon the denial of the right of search, have converted an embarrassing situation into a diplomatic triumph. They hesitated, though Seward on November 30 paved the way for conciliation by a despatch denying that Wilkes' action had been authorized by the Government.

When the news reached England, the whole country blazed with excitement. The war-at-any-price party seized the occasion with joy, and even the moderate men were a unit in feeling that the insult to the British flag could not be tolerated. Palmerston's words on entering the cabinet council, "I don't know whether you will stand it, but I'll be damned if I do," reflected the general opinion. Instant preparations were made for war; eight thousand troops were despatched to British North America. Earl Russell, the Foreign Minister, wrote an ultimatum demanding the surrender of the commissioners in seven days, though fortunately the Queen, acting on the advice of the Prince Consort, then on his death-bed, insisted on a modification of the terms of the despatch, which reached Washington on December 18. Lord Lyons, the British Ambassador at Washington, acted with firmness and moderation, and his tact did much to keep a way open for peaceable settlement.

The crisis created intense excitement in Canada. If war broke out, Canada would be the battleground. It was almost defenceless, the province had had no share in the succession of events which had led to the brink of war, and yet there was in no quarter any sign of flinching. The Mason and Slidell affair intensified still further the anti-Northern sentiment in the provinces.

It was at this critical juncture that Galt took part in his first diplomatic adventure. During the summer he had had an interview with an unofficial agent of Seward, George Ashman, on the threatened movement in Congress against reciprocity—an interview looked upon with dis-

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favor by Lord Lyons, who had all the professional diplomat's jealousy of amateur intervention. Early in December he visited Washington to find how the land lay, and during his visit found an opportunity to visit the President and talk frankly over the situation. A letter to his wife gives a summary of his activities, and his comments on the men and the situation he found in Washington:

Washington, 5th Dec., 1861.

I got here on Saturday night, and was fortunate enough to meet Mr. Ashman, whom you may recollect at Quebec. He has been extremely attentive to me, and as he knows everyone and has access everywhere, I can assure you I have had unusually good opportunities of learning the public opinion of Washington, and I am happy to say it is not of that unfriendly character to us that we might suppose from the papers.

That which has most struck me here is the quiet and order which prevails. No one could suppose we were within 15 or 20 miles of two rival armies of 300,000 men. It is true the streets and hotels are crowded with men in uniform and the roads covered with four-horse or mule waggons carrying stores to the army, but yet there is no disturbance, little or no drunkenness, and very little military music. I have not yet visited the Army in the field, but evidence exists everywhere of the magnitude of the efforts made, and I am bound to add of the success which has attended them.

I dined with Lord Lyons en famille on Sunday. He was very pleasant, and talked freely on public matters here, of which, however, I need say nothing. I also saw Mr. Seward, Secretary of State, on Sunday; he did not impress me much; seemed fidgety, and out of temper. On Monday I went to the opening of the Congress, and was introduced to many of the leading men. There was no ceremony at the opening, merely calling over names. The President's Message was delivered on Tuesday. I did not think much of it, and its tone as regards foreign countries did not please me.

Yesterday I went with Mr. Ashman thro' the Treasury and War offices, calling on Mr. Cameron, Secretary at War. Mr. Chase, Secretary to the Treasury, is shut up preparing his report, and I have not yet seen him.

I went by appointment last night to see the President, and had a long and satisfactory private interview. He is very tall, thin, and with marked features, appears fond of anecdote, of which he

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has a fund. I liked him for his straight-forward, strong common-sense. I was to have seen Mrs. Lincoln, but she was indisposed.

I dine with Lord Lyons again to-day, and shall to-morrow visit the lines of the Army across the Potomac, and will write you again.

A. T. G.

The interview with the President took place the fourth of December. On the following day Galt prepared a memorandum of it which possesses much interest:

Washington, Dec. 5, 1861.

Had interview with the President last evening; Ashman present. In the course of conversation I stated that Seward's circular had caused us uneasiness.¹⁷ The President said that when discussed by the Cabinet, he alone had supposed that result would follow; the rest did not. I said that while we held the most friendly feelings to the United States, we thought from the indications given of the views of the Government and the tone of the press, that it was possibly their intention to molest us, and that the existence of their enormous armed force might be a serious peril hereafter. Mr. Lincoln replied that the press neither here nor in England, as he had the best reason to know, reflected the real views of either government. No doubt they had felt hurt at the early recognition of the South as belligerents, but private explanations of Earl Russell had satisfied him on this point. He had implicit faith in the steady conduct of the American people even under the trying circumstances of the war, and though the existence of large armies had in other countries placed successful generals in positions of arbitrary power, he did not fear this result, but believed the people would quietly resume their peaceful avocations and submit to the rule of the government. For himself and his cabinet, he had never heard from one of his ministers a hostile expression toward us, and he pledged himself as a man of honor, that neither he nor his cabinet entertained the slightest aggressive designs upon Canada, nor had any desire to disturb the rights of Great Britain on this continent. I said such expressions gave me the greatest pleasure, and with his permission I would convey them to my colleagues in the Government, to which he assented.

¹⁷On October 14, Seward had issued a public circular to the governors of all the states on the Atlantic seaboard and also on the Great Lakes, urging them to put their ports and harbors in a position of defence against possible attack from foreign nations. Chase, Secretary of the Treasury, believed there was no occasion to send this circular, but the President defended it in his message of December 3. (See Rhodes, *op. cit.* iii, p. 532.)

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Mr. Ashman then remarked that there was still a possibility of grave difficulty arising out of the Mason and Slidell affair. To which the President replied to the effect that in any case that matter could be arranged, and intimated that no cause of quarrel would grow out of that.

The conversation then turned upon the slavery question and American politics.

The impression left on my mind has been that the President sincerely deprecates any quarrel with England, and has no hostile designs upon Canada. His statement that his views were those of all his Cabinet is partly corroborated by the statement made to me by Mr. Seward that he should be glad to see Canada placed in a position of defence.

I cannot, however, divest my mind of the impression that the policy of the American government is so subject to popular impulses that no assurance can be, or ought to be, relied on under present circumstances. The temper of the public mind toward England is certainly of doubtful character, and the idea is universal that Canada is most desirable for the North, while its unprepared state would make it an easy prize. The vast military preparations of the North must either be met by corresponding organization in the British provinces, or conflict, if it come, can have but one result.

A. T. G.

Of less importance, but as throwing some light upon the temper and attitude of Seward, whom Galt had found, as usual, high-strung and impetuous, a letter from Ashman to Galt a month later may be quoted:

Washington, January 8, 1862.

My dear Sir:

I have this morning had an interview with Mr. Seward upon the subject of Mr. Low, and read to him the substance of the letters which you sent me. He said that the evidence in the case tended to show that Mr. Low had been actively engaged in fitting out the *Bermuda* for her expedition in running the blockade and carrying to the rebels large military stores; and that though Mr. Low was born in Great Britain, he had lived in Savannah or other parts of the South for twenty years, and it would not be strange if he, like other secessionists in Europe, should not only sympathize with the rebellion but should aid it in every way in his power. These, however, were only his general recollections of the facts, and he would, out of regard to you and the representations con-

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tained in the letters forwarded to you, direct an immediate careful re-examination of the case and inform you of the result. He accordingly gave written orders to that effect before I left his office. . . . Mr. Seward assured me that it would give no man more sincere pleasure than himself to find that the more careful investigation would justify the release of Mr. Low.

After we had finished our conversation on this matter he proceeded to say that he deeply regretted your leaving town before he could have it in his power to show you some attention, and he had expressly arranged a dinner for you when your card gave notice of your leaving. He regretted it the more because he feared that some remark made by him when we called, might possibly have been misunderstood by you, as he had heard in New York, last week, some comment upon it. He desired me, therefore, particularly to say to you that sitting, as he then was, under the shadow of the ominous cloud which has since come over our relations with Europe, he was only giving expression to the anxieties of the hour, rather than to any conviction that Great Britain intended to do us a wrong; that he could now easily see how his remark might be misconstrued; but that he was not only not in the habit of saying offensive things to, or about, anybody, but that his regard for you and your position in the Colonial Government was a sufficient protection against his doing it in this instance. I told him that I had no idea that you understood him as intending anything else than a general observation which was very naturally suggested by the unhappy condition of our public affairs, but that I had since that time written you in pretty strong language as to the state of popular feeling, which had been stirred up by the hasty warlike demonstrations against us. He said that he hoped you would not understand him as having suggested these views, hastily expressed by me, for, said he, "I am a man of peace, and mean to keep the peace if honourable human means can do it." As a proof of this, he sent for, and read to me, a very tactful and appropriate short despatch, written this morning to Mr. Adams, upon the occasion of the death of Prince Albert. On the whole, in this respect the interview was a pleasant and satisfactory one, and I have recorded it for the purpose of showing to you, personally, the temper of our Government, whatever may be that of the press and people. I am satisfied, therefore, that we shall have no war unless the British government are determined to make one.

Lincoln's assurances that no cause of quarrel would be permitted to grow out of the *Trent* affair proved valid.

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Lord Lyons presented the British demands for the surrender of the commissioners in a conciliatory way, and Lincoln's cabinet, on the strong advice of Seward and Sumner, backed up by that of British friends of the North, like Bright, agreed to give them up. They recognized that Britain had the better case, and they knew that refusal meant war. To save his face, Seward took the ground that the commissioners were contraband, and should have been brought into port with their ship for prize-court proceedings, and that since this had not been done, the action was irregular and must be disavowed. It was a curious argument, but still more curious is the fact that the law officers in Great Britain had just taken precisely the same ground. The Southern commissioners were given over to a British ship and resumed their course to Europe, where they proved much less serviceable to their government than they had been while detained on the other side of the Atlantic.

The danger was averted, but on both sides of the ocean bitter memories rankled. And yet at the height of the crisis many incidents occurred which revealed the underlying sympathy of the two peoples. One such incident was the half-masting of the flags in New York city and harbor when the news came of the death of the Prince Consort. Another, Gilbertian in its humor, was the arrival of a British transport with troops for Canada, too late to go by the *St. Lawrence*, followed by Seward's ready and solemn assent to their being landed at Portland and carried through United States territory to Canada.

In the United Kingdom the dominant opinion remained hostile to the cause of the North throughout 1862 and 1863, though it fluctuated with the fortunes of the war. The government preserved a proper neutral position, save for its culpable negligence in permitting the Southern commerce raiders, the *Alabama* and the *Florida*, to sally

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from its ports. Palmerston and Russell were apparently on the eve of recognizing the independence of the South in the summer of 1863, and Gladstone, also a member of the cabinet, stirred Southern hope by declaring that the leaders of the South had made an army, that they were making a navy, and that, more important, they had made a nation, adding that the success of the South was certain so far as separation from the North was concerned. Only the warning from the North that recognition would be followed by breaking off diplomatic relations, and a temporary success of the North in the field, prevented recognition.

If, however, the government preserved, on the whole, a truly neutral attitude, not so the press. The *Times* in 1862 alternated references to "this insensate and degenerate people" with more polite but no less irritating statements that "the best people in the States and the wisest people here all look to an amicable separation (of the Southern States) as the only possible solution of the difficulty."¹⁸ As posterity sees it, however, the "best" and the "wisest" people in England turned out to be found not among the upper classes but among the workingmen. The workingmen, even those to whom the closing down of cotton mills had brought dire suffering, had throughout been sympathetic toward the side which they thought fought for democracy and liberty. When, late in 1863, Lincoln proclaimed the emancipation of the slaves, the action was greeted with sneers, and even apologies for slavery in pro-Southern quarters, but it thrilled the workingmen and the Nonconformist conscience, and sympathy with the North steadily became a wider and at last the dominant opinion. "Privilege has shuddered," declared John Bright to a meeting of skilled laborers in London in March, 1864, "at what might happen to old Europe if this grand experiment should succeed." . . . Impartial his-

¹⁸March 22, July 9.

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tory will tell that, when your statesmen were hostile or coldly neutral, when your press was mainly written to betray, . . . you clung to freedom with an unfaltering trust that God in His infinite mercy will yet make it the heritage of all his children." ¹⁹

In Canada, the tension relaxed after the settlement of the *Trent* difficulty, and the subsiding of the *Herald's* truculent campaign. The tone of the city press and of parliament remained hostile to the North. When the news of the defeat of the North at Chancellorsville reached parliament, it was greeted with cheers which John A. Macdonald was scarce able to repress. Social and commercial circles in Montreal and Toronto were particularly pro-Southern. Southern refugees swarmed in both cities, and were much lionized. Many of them gave a poor return for hospitality, endeavoring to make Canada a base of operations against the Northern states. In September, 1864, a party of Confederate refugees, embarking on a passenger vessel at Canadian Lake Erie ports, took possession of the boat and attempted, in vain, to capture the gunboat 'Michigan,' the sole United States warship on the lakes. A month later another party of Confederates raided the town of St. Albans, Vermont, looting the banks, and killing some of the citizens. They were captured on their return to Canadian soil, by Canadian officials and the pursuing United States forces, and were sent to jail. The money looted was returned, but the prisoners themselves, though put on trial, were able, thanks to technicalities and to court sympathies, to escape punishment. In neither case was the Canadian government to blame, as the raids were on a small scale and prepared in secret. Seward gave notice of intention to abrogate the Rush-Bagot convention limiting armament on the Lakes, but with the cessation of the raids and the revival of friendlier sentiment he rescinded this action.

¹⁹Bright's Speeches, vol. I, pp. 248, 253; cited in Rhodes, iv, 353.

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It must not be supposed that Canadian sentiment was wholly pro-Southern. On the contrary, once the *Herald's* pinpricks had ceased, and once the determination of the North to put down slavery forever had been made clear, it is probable that opinion, especially in the smaller towns and in the country, was on the side of the North. The fact that a great number of Canadians enlisted on the Northern side in the latter years of the War, a number popularly but without exact foundation put at forty thousand, is significant, though it is only fair to assume that they were quite as often attracted by the spirit of adventure or the high bounties offered as by sympathy with the Federal cause.²⁰

In the United States, resentment against Great Britain was lessened by the outspoken sympathy of the democratic circles, yet it remained a vital force. In the letter quoted above, Galt referred to Lincoln's 'fund of anecdotes.' One story of Lincoln's might be cited as evidence of a widely prevalent view, even though it is not likely that it was included in the number retailed to his Canadian guest. When asked whether it had not been difficult to agree to give up Mason and Slidell, the President replied as usual by a parable: "I feel a good deal like the sick man in Illinois who was told he probably hadn't many days longer to live, and that he ought to make peace with any enemies he might have. He said the man he hated worst of all was a fellow named Brown, in the next village, and he guessed he had better begin on him. So Brown was sent for, and when he came, the sick man began to say, in a voice as meek as Moses', that he wanted to die at peace with all his fellow-creatures, and hoped he and Brown could now shake hands and bury all their enmity. The scene was becoming altogether too pathetic for

²⁰The recruits of 1864 "were to a considerable extent made up of sturdy men from Canada, and brawny immigrants continually arriving from Europe, who were tempted by the high wage for military service."—Rhodes, *op. cit.*, iv. p. 432.

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Brown, who had to get out his handkerchief and wipe the gathering tears from his eyes. It wasn't long before he melted and gave his hand to his neighbor, and they had a regular love-feast. After a parting that would have softened the heart of a grindstone, Brown had about reached the door when the sick man rose up on his elbow and said, "But, see here, Brown, if I should happen to get well, mind, that old grudge stands."²¹

Had Lincoln lived on through his second term, into the days when the Union did "get well," all that we know of his magnanimous temper and broad vision warrants the judgment that he would have borne no grudge. But others of less lofty mood did live on, and in the years that followed the bill for the taunts of the *Times* and London society was presented. Great Britain paid the *Alabama* claims; Canada, punished for Britain's alleged wrong, lost the Reciprocity agreement. Before that time came, however, the events of the Civil War had brought about crises in the relation between Britain and Canada and had helped to make a crisis in party affairs. These developments must next be considered.

²¹F. F. Browne, *The Everyday Life of Abraham Lincoln*, p. 344.

CHAPTER XII

Canada and the Mother Country

Changes in Imperial Relations—Internal Affairs and the Power of the Governor—External Affairs—Trade Relations: Tariff Autonomy and the Galt Memorandum—Negotiations with the United States and France—The Responsibility of Defence: Growth of Policy—The Civil War Crisis—The Storm in England—Galt Points the Moral:—Confederation.

THE period between the attainment of substantial self-government under Baldwin and LaFontaine and the coming of Confederation was an important stage in the development of imperial relations. The freedom already won was consolidated and extended. A beginning was made in securing control of external as well as internal affairs. A sharp international crisis brought home the fact that self-government had its duties as well as its privileges. Difference of views as to the responsibility for military defence gave rise to friction which wore the bonds of Empire thin. In the minds of most public men in Britain and of an increasing number in Canada, these pregnant years were proving that colonial self-government would inevitably bring separation in its train.

An interesting interlude was the visit of the Prince of Wales to Canada and the United States in 1860. In spite of friction which developed with Orange societies at Kingston and other points, the tour of the royal party created wide popular interest and intensified the loyal and friendly sentiment of the people. The reception given in

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the United States was quite as warm and expansive, and prophets pictured an era of undying friendliness, a bare year before the *Trent* was to bring both countries to the verge of war. While in Sherbrooke, the royal party were the guests of Mr. Galt.

Under Lord Elgin, it was commonly understood, responsible government had been won. Responsible government has been shown to involve party government, cabinet government, and self-government. The working of party and cabinet government in this period has been reviewed: it remains to consider the development of self-government. As a matter of fact, self-government was very far from being attained in 1849. The control of Canadian affairs was still divided between the elected representatives of the Canadian people and the authorities of the Mother Country in Downing Street. It was true that a very much larger share of the field was thenceforth resigned to colonial control, but there was still an important if somewhat vaguely defined area within which Downing Street was left supreme. This settlement was by no means accepted as final. In the period under review several issues of the first importance arose, in most of which Galt was deeply concerned, and which led to a readjustment and a much clearer understanding of powers and boundaries.

It had been urged by some early advocates of responsible government, and notably by Baldwin, that the dividing line between colonial and imperial authority should follow the line between internal and external affairs. Lord John Russell had rightly denied the possibility of making such a clear-cut division. The British authorities must, he insisted, as a matter of course, have control of "the questions of foreign war, and international relations, whether of trade or diplomacy." But this was not all; even in the field of internal government, questions might arise involving "the honour of the Crown or the faith of Parliament or the safety of the State" so seriously that

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the British government must retain its power to intervene. Fortunately, therefore, no such rigid division was made; fortunately, from the standpoint of Canadian autonomy, since the vagueness of the boundaries left it possible for the colonial government, as it grew in experience and authority, to extend its activities into one section after another of the twilight zone, and particularly into the region which Russell had considered imperial beyond question.

While no division between internal and external affairs could be either logically complete or enduring, yet such a rough division was at first accepted. It will serve as a convenient starting point for reviewing the developments of the years that followed.

The control which the British government exercised over Canadian internal affairs steadily faded to the mere memory and shadow of authority. The power to make and amend the constitution of the province was used in accordance with colonial and not with British wishes, in the Clergy Reserves and Elective Council amendments. The power to bind the colonies by positive laws fell into disuse, and the negative veto on provincial laws was used with increasing caution. The governor, the representative of the British authorities on the spot, became a quasi-constitutional monarch, exercising influence rather than power. Even influence, to have full weight, should be exerted when the policy of the Executive was still fluid, not when it had hardened into a definite policy. Yet in this period the governor ceased to attend the Council's meetings regularly, and did not learn of its transactions until the minutes were presented for his approval. The tradition runs that upon one occasion Macdonald politely showed Sir Edmund Head the door; in any event, the governor himself, writing in 1858 to the Colonial Secretary, endorsed the new custom as essential to freedom of de-

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bate. The Executive Council had developed its own leader from within.

It is significant of the declining power of the governor that, more and more, important questions were settled by direct communication between the two governments. Hincks and Galt particularly were prone to go to London when difficulties arose, to seek a settlement by personal discussion with the British authorities. In 1863 it was even suggested that a permanent Colonial ambassador—the prototype of the High Commissioner of later days—should be appointed, and though both Macdonald and Brown condemned the proposal, the mere fact that it could be broached showed not only that the governor was ceasing to be a vital factor in colonial affairs, but also that intercourse between the two governments was coming to be, in a measure, an intercourse between equal and independent authorities,—not between Her Majesty's Government and its subordinates, but between two of Her Majesty's Governments.

The developments in the field of external affairs were more sharp and dramatic. Then as now external affairs fell chiefly under the heads of trade and of defence. In both divisions acute controversies arose.

Until the forties the British Government had kept the control of the trade relations of the colonies entirely in its own hands. There was only one trade and tariff policy for the Empire; that policy was the policy of the British government; and the policy of the British government was protection and preference. When, for their own purposes, the British people decided to abolish the Corn Laws, the corner stone of this system, and with them the preferences given on colonial grain, they released the colonial legislatures from the obligation of continuing the tariff preference hitherto accorded British goods. In 1847 the Cayley tariff was passed by the legislature of

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Canada, putting all imports on the same revenue level. It might have been concluded that henceforth the colonies were to be free to shape their own trade and tariff relations. It was soon made clear, however, that the abolition of protection had been "a triumph of free trade, not of freedom." Those in authority in the Mother Country, and especially Earl Grey, Colonial Secretary from 1846 to 1852, were determined that there should still be only one trade policy for the Empire, that that policy should still be the policy of the British government, but that this policy should now be one of universal free trade. Earl Grey himself summed up his attitude most clearly:

When Parliament, after a protracted discussion of many years, finally determined upon abandoning the former policy of endeavouring to promote the commerce of the Empire by an artificial system of restrictions, and upon adopting in its place the policy of Free Trade, it did not abdicate the duty and the power of regulating the commercial policy, not only of the United Kingdom, but of the British Empire. The common interest of all parts of that extended Empire requires that its commercial policy should be the same throughout its numerous dependencies. . . . The question, in short, was nothing less than whether the Imperial Government (using the word government in its widest sense) should abandon the authority it had always exercised of regulating the commercial policy of the whole Empire, and should permit every separate colony to legislate without restriction on commercial subjects. We came to the conclusion that this change should not be acquiesced in.¹

In brief, the colonies were to be free to do good, but not free to do evil. When, in 1849, New Brunswick wished to grant bounties for the growing of hemp, Grey interposed, and when in the following year the same province sought to subject United States goods to higher duties than other goods, the vigilant imperial authority forbade. In 1850, when a constitution was framed for New South Wales, the colony was forbidden to impose higher duties on imports from one country or colony than

¹Earl Grey, *The Colonial Policy of Lord John Russell's Administration*, Vol. I, pp. 281, 284.

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on those from any other source. Protests were made, but the policy stood. It remained for Canada to achieve the next step.

At first Canada acquiesced in this situation. Hincks, introducing his budget in 1849, took the ground that to set up a protective tariff in Canada would be equivalent to a declaration of independence. Quoting Earl Grey's despatches, he asked what inducement England could have to keep up any connection with Canada, if shut out of the colony's markets. His question went unanswered for the time. But in a few years, when the colony needed revenue badly, and its business men had begun to think of rivalling English and American manufacturers, behind a tariff wall, the question was raised again, and in emphatic form.

In 1859 Galt had found it necessary to bring in a tariff materially increasing the duties on manufactured goods. Previous step by step increases had been watched with growing suspicion and disfavor in England. Galt's 2½ per cent increase proved the last straw. The manufacturers of Sheffield led the protest. In a memorandum submitted to the Duke of Newcastle, then Colonial Secretary, they declared that in the past eighteen years the Canadian duty on Sheffield goods had advanced from 2½ to 20 per cent. The memorial continued:

The Merchants and Manufacturers of Sheffield have no wish to obtain special exception for themselves, and do not complain that they are called upon to pay the same duty as the American or the German, neither do they claim to have their goods admitted free of duty. All they ask is, that the policy of protection to native manufacturers in Canada should be distinctly discountenanced by Her Majesty's Government as a system condemned by reason and experience, directly contrary to the policy solemnly adopted by the Mother Country, and calculated to breed disunion and distrust between Great Britain and her Colonies. It cannot be regarded as less than indecent and a reproach that, while for

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fifteen years, the Government, the greatest statesmen, and the Press of this country have been not only advocating but practicing the principles of Free Trade, the Government of one of her most important colonies should have been advocating monopoly and protection. . . . We conceive that Her Majesty's Government has a right to demand that what revenue is needed shall be raised in some other way than that which is opposed to the acknowledged commercial policy of the Imperial Government, and destructive of the interests of those manufacturing towns of Great Britain which trade with Canada.

The Duke of Newcastle immediately forwarded the protest to the Governor-General, remarking that he felt there was much force in the argument. He added that while he would probably not recommend the disallowance of the Act, he considered it his duty, no less to the Colony than to the Mother Country, to express his regret that the experience of England as to the injurious effect of protection and the advantage of low duties on manufactures, both as regards trade and revenue, should thus be lost sight of.

It fell to Galt to answer this indictment. His report was a strong and convincing document, and constitutes an important landmark in the growth of imperial relations. He had no difficulty in showing that the province needed greater revenue, and that under Canadian conditions the tariff was the only practicable source. Analysing the tariff rates, in detail, he urged that the necessary increase could not have been made to fall on any other schedules than those chosen, and that the tariff taken as a whole showed a lower range of duty than in 1850—a fact obviously due to the large free list established by the Reciprocity Treaty. So far as Sheffield wares were concerned, he scored a verbal point by showing that the latest tariff had made no change in the duties imposed on the finished product, but had increased the duty on the Canadian manufacturer's raw materials.

Passing, however, to the constitutional question, Galt declared that while the Act had not been disallowed, yet

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the fact that this course had been entertained made it necessary to state what the provincial government considered to be the position and rights of the Canadian legislature. He continued:

Respect to the Imperial Government must always dictate the desire to satisfy them that the policy of this country is neither hastily nor unwisely formed, and that due regard is had to the interests of the Mother Country, as well as of the Province. But the Government of Canada, acting for its legislature and people, cannot, through those feelings of deference which they owe to the Imperial authorities, in any manner waive or diminish the right of the people of Canada to decide for themselves both as to the mode and extent to which taxation shall be imposed. The Provincial Ministry are at all times ready to afford explanations in regard to the Acts of the Legislature to which they are party—but, subject to their duty and allegiance to Her Majesty, their responsibility in all general questions of policy must be to the Provincial Parliament, by whose confidence they administer the affairs of the country. And in the imposition of taxation, it is so plainly necessary that the administration and the people should be in accord, that the former cannot admit responsibility or require approval beyond that of the local legislature.

Self-government would be utterly annihilated if the views of the Imperial Government were to be preferred to those of the people of Canada. It is, therefore, the duty of the present government distinctly to affirm the right of the Canadian legislature to adjust the taxation of the people in the way they deem best—even if it should unfortunately happen to meet the disapproval of the Imperial Ministry. Her Majesty cannot be advised to disallow such acts, unless her advisers are prepared to assume the administration of the affairs of the Colony, irrespective of the views of its inhabitants.

The Imperial Government are not responsible for the debts and engagements of Canada, they do not maintain its judicial, educational, or civil service, they contribute nothing to the internal government of the country; and the Provincial Legislature, acting through a ministry directly responsible to it, has to make provision for all these wants; they must necessarily claim and exercise the widest latitude as to the nature and extent of the burthens to be placed upon the industry of the people. The Provincial Government believes that His Grace must share their own convictions on this important subject, but as serious evil would have resulted had

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His Grace taken a different course, it is wiser to prevent future complication by distinctly stating the position that must be maintained by every Canadian Administration.

In replying to this vigorous defence, the Colonial Office sought the aid of the Lords of the Committee of the Privy Council for Trade. These authorities took the same high ground, contending that even if the protection given were only incidental, it would probably involve the growth of vested interests dependent on these duties, and "that a system of taxation adopted for the legitimate object of revenue, may be continued for the mischievous purpose of protection." The correspondence continued at some length upon matters of detail, but neither in Whitehall nor in Downing Street was any answer attempted to Galt's statement of the constitutional position. Henceforth there was to be no question of the legal right of Canada to control its general trade and tariff policy, whatever might be thought of the expediency of that policy in Canada's own interests, or of its fairness from the Mother Country's point of view.

Control of the general trade and tariff policy of the country was thus secured. Control of the special trade and tariff relations with various foreign countries obviously involved a still greater assumption of independent authority, and therefore was much slower in coming. In framing its general tariff, Canada did not need to enter into consultation with any foreign state. If, however, special tariff rates were to be given or received from any state, or if fishery or bonding or shipping privileges were to be arranged, it was essential to have the power to carry on negotiations and to ratify the agreements reached.

Naturally, Great Britain considered the control of foreign affairs the very arcana of Empire, and was reluctant to yield any share to the colonies, particularly when she bore alone practically the whole burden of the diplomatic

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and the defence forces which backed up her policy. Yet, in the case of Canada, relations with the United States were so close and constant that some breach in the rigid rule was here inevitable. The opening was made slowly. In the first important negotiation, resulting in the conclusion of the Reciprocity Treaty of 1854, the leading part was taken by Lord Elgin, as Envoy Extraordinary, though Hincks from Canada and Chandler from New Brunswick took a part in the mission. The treaty was ratified by the votes not only of the British Parliament and the United States Congress but of the legislatures of Canada, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The informal discussion of the working of the treaty which has already been noted prepared the way for the more formal activities of Galt, Rose, Macdonald and Brown in the decade which followed.

To open negotiations with any other foreign power was more difficult, but under Galt's administration an opening was made. Naturally the first country to be considered was France, not merely because France was a second mother country to Canada, but because the negotiation in 1860 of Cobden's Reciprocity Treaty between England and France had made it evident that friendlier relations between the two countries were beginning and that France was disposed to depart to some extent from her rigid protectionism. In his Budget Speech of 1862, Galt declared:

At present there are practically but two markets to which our produce goes and from which we can obtain supplies. One of these is Great Britain; the other, the United States. Now the cause of the suffering in this country at the present time has arisen from one of those markets being closed to our trade. How is it, on the other hand, that under circumstances hitherto unparalleled in regard to the want of the staple articles of cotton, Great Britain has maintained her position during the past winter? It is this, that although she is dependent on the United States for an article important to her manufacturers, the various branches of her industry are so diversified, and her connexion with other countries is

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so intimate, that when one channel of trade is closed another opens and she is not depressed to anything like the extent we ourselves are. . . . We ought to endeavour to seek such commercial relations with other countries, as will not place our merchants entirely at the mercy of one or two countries. And this recalls to my mind the liberal treatment we have received from the Government of France. The French Government have, with the utmost liberality, admitted all Canadian produce almost free to their markets, and they have also extended to our shipping the same advantages which they have conferred on that of England. They have given to Canada boons such as they have not given to any other colony, and such also as are only enjoyed by Great Britain herself. A year ago we reduced to a certain extent the duties on French goods. We were immediately met by liberal corresponding action on the part of France, which met us more than half way. . . .

D'Arcy McGee—Will the Finance Minister inform the House whether there has been any correspondence between the Government of this country and that of France?

Hon. Mr. Galt—I may state to my honorable friend that no official correspondence could take place between a Colonial Government and the Government of a foreign country. The French Government, however, have in the person of their consul here, the Baron Boileau, a gentleman of great intelligence and of almost universal knowledge, who has aided us in the development of our trade with France to such an extent as must make him and the country he represents worthy of the warmest thanks of every Canadian. (Hear, hear.) . . . Although no official correspondence can take place, fortunately the distinguished gentleman to whom I have referred has seen the importance of developing the trade of this country with France, and has pressed his Government to extend these facilities to our trade which had previously by treaty been extended to the trade of England.

"No official correspondence can take place," "however," illustrates very well the illogical, step-by-step English way of making constitutional change. Even so, the pace was becoming too swift for the liking of the Foreign Office, and when Baron Boileau undertook similar negotiations at St. John, his recall was politely requested. It is interesting to note that this method of negotiation through the consuls on the spot was taken up and extended by Hon. Mr. Fielding a half century later.

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moralizing for the colonies; those interests in the colonies which reaped benefit from the lavish expenditure of the Mother Country during wars and war scares preferred "Colonial Office despotism, with huge imperial expenditure, to the freest institutions with imperial economy." It was indefensible from a strategic point of view; the little detachments scattered in half a hundred stations would be only tempting prizes for an enemy victorious at the heart of the empire. The money thus wasted might have built up a mighty empire had it been devoted to systematic colonization. He urged the strict enforcement of the maxim, "no imperial expenditure for local purposes." Wars with civilized states were of necessity imperial wars, and the men and money should be provided by the imperial government, though, Molesworth added, in certain cases it would not be unreasonable to expect that the colonies would assist with both money and men, and if given self-government, would even come to the aid of the Mother Country in any just and necessary war.

The policy thus strongly advocated was more slowly adopted. A beginning was made in Australia, where there were neither savage tribes nor foreign invaders to be feared, and the policy was extended gradually to New Zealand and Cape Colony, faced by formidable native foes, and to British North America, most exposed to foreign attack. By 1854, out of a total regular army of 140,000, some 20,000 still remained in the self-governing colonies and as many in military stations abroad. One-third of the regulars stationed in Canada had been withdrawn in the seven or eight years preceding.

With this gradual withdrawal of British troops, the colonies found it necessary to increase their own military forces. Before summarizing the Canadian developments, it is essential to review briefly the course of military affairs in Great Britain itself, since this course exercised an influence over Canadian policy as important as it is

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usually overlooked. In the long peace which followed the overthrow of the first Napoleon military efficiency suffered. The rise of the third Napoleon threw England into a series of panics, and preparations were made for the 'inevitable war' with France which never happened. The Whig government of Lord John Russell was defeated in 1852 because the country disliked its plan of reviving the local militia, enrolled by ballot or partial compulsion. The Derby administration which followed met the popular preference by providing for volunteer enlistment with the ballot held in reserve. Seven years later the fear of French invasion revived. The government wished to strengthen the regular naval and military forces and dotted the coasts with Martello towers, but the people had other plans, and against its will and the weight of professional advice, the government had to give its sanction to the enrolment of corps of volunteers as the chief means of meeting the danger.

In Canada and the other North American colonies a fairly efficient military system had been set up just before the war of 1812 broke out, and had passed well through the ordeal that followed. It provided for universal liability to service, with periodical mustering, but practically no training in time of peace. It was essentially a recruiting scheme, the training of the men and the staff work in general being left to the regular forces. After the war the system fell into decay; the militia forces became the target of derision, and the annual muster-day a farce—in 1848 only six men presented themselves in Toronto—or else an occasion of drunken revelry. In 1853 the whole appropriation of the provincial legislature for military purposes was only two thousand pounds currency.

The provincial government was now awakening to the need of action. The appointment of a commission by the MacNab-Morin government in 1854 led next year to the

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passing of an important Militia Act. It retained the old system of compulsory liability to service, modified by the 'ballot' or lot. No peace training was given this general or reservoir force, known as the 'sedentary militia,' but large supplies of rifles were provided. The chief feature of the act was the authorization of an active or volunteer militia, recruited by voluntary enlistment, and subjected to ten days' training; the volunteers were required to provide their own uniforms. The system followed the model of various neighboring states, though the influence of English example was also strong. In 1857 there were some 235,000 men on the paper or sedentary militia lists, and some 6,000 in the volunteer militia. The provincial expenditure increased to \$200,000 a year, though in 1859 financial stringency brought a reduction in the appropriations and a halt in progress.

Then suddenly came the Civil War, the growing friction between Great Britain and the North, and the danger that Canada would find herself involved. The danger reached its climax during the *Trent* crisis, in December, 1861. War between Great Britain and the United States would mean that Canada would be the main battlefield. Even with Great Britain in command of the seas, and with the energies of the North divided, the odds were tremendously against the province. A hasty survey revealed great lack of trained men, rifles, equipment of all kinds. Yet not a man hesitated. Without flinching, the government and people announced their readiness to take their part in the fateful struggle. They asked for no soldiers from Britain,² though of its own motion the British government sent out 15,000 troops.

² "No application whatever, up to the time I left the Government, had been made by the Colonial Government for a single soldier to be sent out, but they did ask the Imperial Government to send out and store in Quebec a large quantity of those arms which were stored in Woolwich. That was three months before the *Trent*

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The firm attitude taken in the crisis was undoubtedly a factor in preserving peace. Speaking in the Lords early in 1862, Earl Derby declared:

"While I give Her Majesty's Government the fullest credit for the firm and temperate manner in which they made their demand and sent out those reinforcements which were absolutely necessary to support the allegiance of our colonies, I rejoice to find that in the speech from the throne justice has been done to the spirit and unanimity with which all classes of Her Majesty's subjects in the North American provinces have come forward and shown their determination at all hazards—and the hazard of war would, in the first instance, have fallen on themselves—to maintain their allegiance and to support the honour and dignity of the British Crown. If there be one thing more than another that will tend to confirm the good understanding and peaceable relations that now exist between this country and the United States, it is the knowledge they must now have received of the utter delusion under which those persons within the States have laboured, that Canada and the North American provinces were eager for annexation with the States, and to sever their connection with Great Britain, and that, on the other hand, Great Britain would never venture upon a war with America, because she would always fear the willing annexation of Canada. That illusion is, I hope, now dissipated for ever, and its dissipation will form an important element in our future relations with America, and tend to secure us against the dangers of war with that country."

An interesting sidelight on the situation is contained in some comments of that shrewd politician, John Henry Pope. He wrote to Galt on December 26, 1861:

We have seen by circular that a part of the Militia is to be organized and drilled. It will be hard to get up volunteers here until they know what officers will command their regiments when formed. They will not run the risk of being thrown into the hands of some half-witted retired officer of the Army, or some pampered Frenchman, or some old foggy like Colonel ——— of this district, although they are quite ready to turn out *en masse* if necessary with officers they know.

difficulty occurred; and that was the only application that had been made."—A. T. Galt, Address to Manchester Chamber of Commerce, Sept. 25, 1862.

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I should like to make my troop up to a squadron of two companies of fifty men each but cannot do it without they are paid; but with pay I could make them up in a day. . . . This Militia Battalion should be divided; I would recommend James Ross for Colonel and Daniel McIver as Major. I would not have troubled you had there not been strong feeling here upon these points, and I did not know how else to reach the dough-heads of the Militia Department.

Frankly, do you not think this calling out or agitating the country about war a perfect farce? They are in my opinion doing their best to make war, but it cannot be done. The interest of the peoples of the two countries forbids it, and will prevail,

Galt was not so optimistic as his fellow-townshipman. His visit to Washington had convinced him of the good will of the President and his Cabinet, but had convinced him also of the danger of a wave of popular anger or panic sweeping the President off his feet. His report to the Executive Council was one factor in leading it, in January, 1862, to determine to appoint a commission to consider the whole question of defence. The Commission consisted of four members of the Government, Cartier, Macdonald, Galt and MacNab; Colonels Campbell and Cameron represented the provincial forces, while Colonel Lysons voiced the views of the British War Office. All the political members of the Commission were men keenly interested in military matters; MacNab had taken a strenuous part in suppressing the Rebellion of 1837, and Galt for many years during his residence in Sherbrooke had been an active militia officer.

The Commission reported, two months later, in favour of making the regular militia the chief dependence for defence, and of giving adequate training to a large number of men. A measure embodying the Commission's scheme was brought before the legislature early in April. It proposed that an active force of 50,000 in proper proportions of infantry, artillery and cavalry, should be organized, consisting mainly of volunteers in the towns and of regular militia enrolled by the ballot or other form

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of compulsion, in the country districts, where volunteering as yet had not flourished. A reserve force of 50,000 was to be formed on similar lines. The sedentary militia would remain for mustering purposes. The active militia, regular and volunteers, were to be trained twenty-eight days a year, for from three to five years; the reserve might be called out six days a year. Privates were to be paid fifty cents a day while training, officers one dollar. Galt estimated the expenditure at \$1,100,000 a year.

The measure was a serious and carefully considered attempt to grapple with a difficult problem. It was not fated to be given a trial. On May the bill was defeated by a vote of 61 to 54, and with it the Government.* It had been evident for some weeks that the ministry was doomed. In Upper Canada, John Hilliard Cameron, the leading Conservative outside the administration, and an Orange Grand Master, had proved disaffected, and a minister had been badly beaten in a bye-election. In Lower Canada, Sicotte, more flexible than Dorion, was winning away Cartier's supporters. Yet although the Militia Bill was the occasion rather than the cause of the ministry's overthrow, it was unpopular in itself. In provincial military circles, the policy of relying on the regular militia instead of developing the volunteers was disapproved. In other quarters, the sudden increase in expenditure was denounced as wildly extravagant, and the compulsory four weeks' training was highly unpopular. The French-Canadian members were equally opposed to the provision for payment of a small direct tax, to secure a substitute for training duties.⁴

*See Chapter XIII.

⁴The opponents of the plan thus explained their attitude: "The scheme . . . failed of success not only on the ground that the method of enrolment proposed was in itself highly objectionable, but because it established a machinery cumbrous in its character, and at variance with the habits and genius of the Canadian people, and entailing an expenditure far in excess of the sum which the legislature and the people have declared themselves willing to provide. . . . The volunteer organization is that alone through which

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The Sandfield Macdonald-Sicotte ministry which succeeded brought is a temporary measure in 1862, increasing the force of volunteers from five to ten thousand and the days of drill from six to twelve. In September of the following year they brought down their considered measures, definitely adopting the volunteer system as the mainstay of defence. Power was taken to increase the numbers to 35,000; the volunteers were to be given uniforms, and payment was to be made for proficiency. A service militia was to be formed by ballot, which might be held liable to six days' drill a year, while the non-service militia, the old 'sedentary militia,' was to be retained, at least on paper, for muster purposes. The distinctive and progressive feature of the new programme, however, was the establishment of several military training schools, at which volunteer and service militia officers were required to qualify to be eligible for promotion; the expenses of attendance were to be met by the Government. The measure met with practically no criticism from the Opposition. When the Macdonald-Taché government returned to power, it made no change. In elections held in 1862-3, covering one-third of the total population of the province, not a single candidate called for a measure as extensive as that prepared by the preceding government. "By the middle sixties," declares the most competent of Canadian military historians, "the country had definitely settled down to trusting to a paid volunteer force, which now was termed the 'volunteer militia.'"⁵

the military spirit of the people must find vent in a period of peace. In case of an actual emergency the response to an order calling out the Militia would be unanimous, but there is a decided aversion to compulsory service, except in the presence of actual danger."—Memorandum of Macdonald-Sicotte Cabinet, *Sess. Pap.* 1868, No. 15.

⁵C. F. Hamilton, *Defence, 1812-1912, in Canada and its Provinces*, vol. VII, p. 405.

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If Canada accepted these arrangements, not so the United Kingdom. The rejection of the Militia Bill of 1862 was the signal for an outburst of abuse and criticism from the government, the statesmen and the press of the Mother Country without parallel in the recent annals of the Empire. The warm good feeling which bound Canada and the Mother Country together in the *Trent* crisis was suddenly dispelled. In the minds of many men in both countries, the events of this year crystallized the conviction that separation was inevitable. "Assuredly there is loyalty in Canada at the present day," wrote a careful observer in 1861,* "but it is a sentiment of radically different stripe from that which animated us during the discussions arising out of the *Trent* affair; and anyone who has carefully watched the progress of public opinion among us during the last twenty years will admit that a change first began to be apparent during the summer of 1862."

Even before the rejection of the Militia Bill there had been much debate in England upon the question of the proper share of the colonies in defence. Hon. C. B. Adderley, (afterwards Lord Norton) a member of the Derby Tory government of 1858, and later colonial under-secretary, had just written his famous *Letter to Disraeli*, carrying Molesworth's principles still further, and urging that British soldiers should be withdrawn entirely from the colonies. In the House of Commons, Arthur Mills had moved on March 11, 1862, a resolution, carried unanimously, to the effect "that this House, while fully recognizing the claims of all portions of the British Empire to imperial aid in their protection against the perils arising from the consequences of imperial policy, is of opinion that colonies exercising rights of self-government ought to undertake the main responsibility of providing for their own internal order and security." To this resolu-

*J. C. Dent, *The Last Forty Years*, vol. II, p. 428.

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tion, which represented the Molesworth rather than the Adderley attitude, no exception could be taken by any colonist who had not been demoralized by generations of dependence. Canada was more than ready to accept this principle; it was New Zealand and the Cape which had not yet reached this level of responsibility, and, it is fair to add, had not reached Canada's measure of self-government. As typical of this fair English attitude, a criticism of the *Saturday Review* upon Adderley's policy may be cited:

The cry in England against paying for the defence of the Colonies has been evoked not by occurrences in Canada but by the wars with the Moors and Caffres [Maoris and Kaffirs] in New Zealand and at the Cape. There is reason in the cry when the war is caused by colonial policy. . . . How absurd it would be to expect Canada to bear the brunt of a war with the United States, the result of an unjust interference with the existing American quarrel to obtain cotton! If the Colonies were represented in the Imperial Parliament there would be a difference, but that is impracticable. . . . Great Britain may reasonably insist on the Colonies defending themselves from assaults which they bring about by their own conduct, but when the Imperial power does the mischief, she must bear the brunt. . . . She has the option of making war or of refraining in her own hands, and can count the cost before she begins. The colonists are heartily loyal to their flag, and are willing to stand by it to the death if needful, but they cannot be expected to ruin their finances in a contest over whose inception they have had no control. If the Mother Country were really in peril, if she were assailed by her neighbors and her power threatened with destruction, as a matter of course no sacrifice would be too great to make in her defence.

This calm and judicious attitude was of short duration. The news of the rejection of the Militia Bill opened the floodgates of denunciation. "Ungrateful," "degenerate," "blind," "ignorant," and other endearing epithets were hurled at the heads of the offending colonists.

The first factor in the situation, according to these English critics, was that invasion of Canada was morally

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certain. "When the time has at last arrived," declared the *Times*,⁷ "when either from the termination of civil strife or the failure of money and credit the United States are no longer able to support their vast army, what is to prevent that army from marching towards the Northern frontier and satiating its revenge, its love of plunder and of conquest, in the rich and unwasted provinces of Canada!" And again,⁸ "The United States are no longer in the condition of a reasonable being. They are like a maniac who is throwing himself to the ground, foaming and tearing his own flesh, and who if he may only do so much harm to another as he is doing to himself is yet very dangerous. They are a ruin and the fragments are falling all around, each enough to crush a colony or at least do it irreparable damage. . . . The future is all uncertainty, except that in that cloud we see what we already see—large armies, strong passions, deeds of violence, with bids for popularity, and the necessity of some day redeeming or at least colouring the profound humiliation with unprovoked aggression and, if possible, unblest acquisition." Or the Earl of Ellenborough, speaking in the House of Lords in July, 1862: "I cannot understand the infatuation of the Canadian Parliament. Is it possible they cannot see what every other man must see, that in whatever manner the present civil war in America terminates, whether in the success of the North or in the separation of the South, the immediate result will be an irruption into Canada? If the people of the North fail, they will attack Canada as a compensation for their losses. If they succeed, they will attack Canada in the drunkenness of victory."

The second step in the demonstration of colonial fatuousness was that when this inevitable invasion came, it would be impossible for Great Britain to bear the brunt

⁷June 6, 1862.

⁸June 25, 1863.

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of the defence. "We have the opinions of the best military authorities," declared the Duke of Newcastle, then Colonial Secretary, in a despatch to the Canadian Government on August 21, 1862, "that no body of troops which England could send would be able to make Canada safe without the efficient aid of the Canadian people. Not only is it impossible to send sufficient troops, but if there were four times the numbers which we are now maintaining in British North America, they could not secure the whole of the frontier. The main dependence of such a country must be upon its own people." The *Times* expressed itself still more strongly on this point:*

"Great Britain cannot protect Canada without any aid on her part. Such an opinion is founded on a mistake both of our power and of our will. It is not in our power to send forth from this little island a military force sufficient to defend the frontier of Canada against the numerous armies which have learned arms and discipline in the great school of the present civil war. Our resources are unequal to so large a concentration of force on a single point; our empire is too vast, our population too small, our antagonist too powerful. But if we had the power it is quite certain that we should not have the will. Opinion in England is perfectly decided that in the connexion between the mother country and the colony the advantage is infinitely more on the side of the child than of the parent. We no longer monopolize the trade of the colonies; we no longer job their patronage. We cannot hope from them any assistance for defending our own shores while we are bound to assist in protecting theirs. We cannot even obtain from this very colony, Canada, reasonably fair treatment for our manufacturers, which are taxed twenty-five per cent. on their value to increase a revenue which the colonies will not apply to our or even to their defence. There is little reciprocity in such a relation. Should the colony wish to put an end to it, we would never draw the sword to defend it; and if Canada will not fight to protect its independence from foreign invasion, neither will England. . . . If they are to be defended at all, they must make up their minds to bear the greater part of the burden of their own defence. This will be the case if they separate from us. This will be the case if they remain by us."

*June 6, 1862.

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Was Canada, then, preparing adequately to support this main brunt of the inevitable attack? As to this, there was equally little doubt among the critics overseas. Palmerston declared that the Canadian preparations were insufficient; "generally," he added, "we are proud of the conduct and bearing of our Canadian fellow-subjects, but on the present occasion I certainly feel no such sentiment." Speaking in the Lords, Newcastle expressed his regret that the Militia Bill had been thrown out, and gave it as his opinion that it did not go far enough; he had brought to bear all the pressure he could. Lord Lyveden urged that the Governor-General should be instructed to call parliament and lay a new bill before it, while Earl Powis kindly explained that as Canada had not been used to large armaments, it was not to be wondered at that the people, especially the lower classes, should require some time to become reconciled to the idea.

In Canada, this outburst was received with amazement. Naturally, it was at first welcomed by the supporters of the defeated administration, but as the criticisms increased in violence they too found it necessary to protest. In the Manchester speech already noted, Galt declared that while as a part of the Empire Canada was prepared to do its share, it was impossible for her in such a contest to defend herself: "The proportion in men and means which Canada ought to contribute in the event of a war with the United States could be readily settled by negotiation with the Imperial Government, provided difficulties were not made through unjust and acrimonious attacks upon Canada, such as unfortunately had not been infrequent and which could not fail to cause exasperation and to obscure sound judgment on both sides." Another supporter of the late government, Hon. J. Beverley Robinson, at a meeting of the newly-formed British North American Association in London in August, 1862, declared: "I am not here to uphold the conduct of the legislature of Can-

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ada in throwing out the Militia Bill, because I was one of the sufferers by that vote. But those who voted against this measure were as desirous as those who supported it of maintaining the connection with the Mother Country. The Bill was thrown out because the measure was too costly and because it was thought by the majority that the same result could be attained by a smaller outlay."

Every count in the indictment was questioned by Canadian commentators. They denied the likelihood of invasion, and insisted that their opinion and not that of men three thousand miles away should be taken, since they not only knew the Americans better, but were the ones on whom the evils of war would fall heaviest if it came. They insisted that their preparations were as great as were justified by the chance of invasion and by the resources of the country. If not all that could be desired, they at least showed a rapid advance over previous efforts, and compared favorably with efforts in England itself, where the volunteers numbered only 160,000, or far fewer in proportion to population than Canada's enrolment. Joseph Howe in a famous pamphlet¹⁰ carried this *tu quoque* argument still further, making great play of the unreadiness of England in land defence in nearly every crisis from the days of the Spanish Armada onward. That England should bear the chief burden of defence, it was contended, must follow from the fact that if war came it would be as a result of English, not of Canadian, policy. ("The *Times* has done more than its share in creating bad feeling between England and the United States," declared a Toronto newspaper,¹¹ "and would have liked to see the Canadians take up the quarrel which it has raised. . . . There would be no talk of war but for the mischief-making of newspapers in England and America, of which the *Times* was the worst because the

¹⁰Letter to the Right Honorable C. B. Adderley, M.P.

¹¹*The Globe*, June 18, 1862.

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most influential. We have no idea of Canada being made a victim of the belligerent proposals of the Jefferson Bricks on either side of the Atlantic.) We cannot agree to the dogma that Canada should provide entirely for her defence when she is not the author of the quarrels against the consequences of which she is called upon to stand on guard. What can fairly be demanded of her she has done." This latter contention was emphasized in a very forceful and comprehensive memorandum on the whole subject prepared by the Macdonald-Sicotte cabinet.¹³

"The people of Canada . . . feel that should war come, it will be produced by no act of theirs, and they have no inclination to do anything that may seem to foreshadow, perhaps to provoke, a state of things which would be disastrous to every interest of the province. . . . Situated on the border of a vast and powerful Republic, with a frontier extending upwards of a thousand miles, with no deep back country to sustain it, and accessible in case of war at numerous points, . . . Your Excellency's advisers would not be faithful to their own convictions or to the trust reposed in them if they withheld an expression of their belief that without very large assistance any efforts or sacrifices of which the people of the Province are capable would not enable them successfully and for any lengthened period to repel invasion from the neighboring Republic. They have relied for protection in some degree upon the fact that under no conceivable circumstances will they provoke war with the United States, and if therefore Canada should become the theatre of war resulting from Imperial policy, while it would cheerfully put forth its strength in the defence of its soil, it would nevertheless be obliged to rely for its protection mainly upon Imperial resources. . . . Your Excellency's advisers advert to these contingencies, not to justify inaction, but to show the unfairness of demands predicated upon alleged selfishness and sloth on the part of Canada. They simply point to consequences which it is criminal to conceal and to dangers which it is folly to deny. . . . They will be happy to learn that their efforts receive the approval of Her Majesty's Government. Whether this hope be realized or not, they are satisfied that they are acting in conformity with the wishes and interests of the people, whose confidence elevated

¹³Minute of the Executive Council, 28 October, 1862, Sess. Pap. 1863, No. 15.

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them in their present responsible position, and whose will they are bound in all cases to respect.

Under the best conditions, the question of the relative responsibilities of Great Britain and of Canada in the event of a war with the United States would have been a difficult one to settle. In an atmosphere of mutual recriminations, it was, as Galt indicated, doubly difficult. The Canadian attitude was doubtless open to criticism. There were in it elements of provincialism, of the passive colonialism engendered by generations of Downing Street rule, of unwillingness to face disagreeable facts. Yet there was in it also something of shrewdness and cool-headedness, a refusal on the part of the Canadians who knew best the strength and weaknesses of their neighbors to be swept into panic. The close connection between the control of policy and the provision of defence hampered progress; the colonies were unwilling to assume a large share of military responsibility until they had a voice in settling policy and the Mother Country was unwilling to resign any large share of control of policy so long as she shouldered most of the burden of defence. Hence deadlock at best, only slowly to be eased. But when, further, in this specific instance, the policy was of such questionable character, when it became plain that the people in England who were criticizing Canada loudest were those who were most openly pro-Southern in sympathy, and that the howl was raised because Canada declined to pull their chestnuts out of the fire, the injustice of the criticism became apparent. The Canadian preparations, though rapidly bettering, were doubtless inadequate; the country took a great risk; it is possible, however, it would have run still greater risk if it had fed the flame of Secessionist sympathy and given London jingoes a blank cheque to fill in as they pleased.

As a result of the action and discussion during this period, it became clear that Canada was now prepared to

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assume the whole responsibility of preserving internal peace and order, and that she was ready to assume a share in defending her shores against external foes proportionate to her own conception, right or wrong, of the danger, and to her share in the policy which had brought on the war.¹³ It was also clear that she had not yet attained that degree of national consciousness and national power which would lead her to take a part in the general defence of the Empire. During the Crimean War, when the military forces of Great Britain proved inadequate for their task, badly led and worse administered; when the best the War Office could do was to send 81,000 men to the Crimea in 1854 and 21,000 the following spring; when 8,000 German troops had to be hired to garrison Dover and Shorncliffe, and when Palmerston even tried to recruit troops in the United States, there was no thought either in Canada or in England that it was the duty of the colony to take a part in an overseas war. Some individuals volunteered services in raising men, notably Colonel Prince, but the War Office declined to accept their proposals. Canada gave sympathy in plenty,¹⁴ and parliament voted £30,000 for the relief of British and French children orphaned by the war, but not a man or a gun. Later, in 1858, during the Indian Mutiny, when Great Britain was still harder pressed for men, arrangements were made whereby the British Government recruited a

¹³ "I said that we had for many years undertaken the maintenance of the internal peace of the country, but that we did not consider the Fenian invasion an internal trouble, but one proceeding from Imperial causes, from which the Imperial Government should protect us or against the expense of which they should indemnify us."—Honorable Alexander Campbell, member of the ministry of Sir John A. Macdonald, in Report of interview with Lord Kimberley, Sept. 10, 1870. (Sess. Pap. 1871, No. 46.)

¹⁴ In an enthusiastic meeting in Toronto to raise funds for war charities, it is interesting to note that an Anglican bishop defended this war, waged to keep Russia from the Dardanelles, as a struggle for the preservation of liberty and democracy and denounced the United States for not joining in to free the world once for all from despotism and autocracy.

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battalion, the 100th Royal Canadians, in the Province. It was a Canadian force only in personnel, however; it was raised and paid by the British government; after three years no further recruits were obtained in Canada, and the battalion became Canadian only in name.

In the speech in Manchester in 1862 to which reference has already been made, Galt pointed the moral of the discussion as to the relative rights and duties of the colonies and of the Mother Country both as to trade and as to defence:

Before taking or advocating a step which could never be retraced, [separation] the present colonial policy of self-government should be thoroughly worked out, further developed and extended. . . . It would be desirable so to harmonize and federate the colonies as to bring them into different groups, so that instead of fifty colonies there would be five or six groups. It was clear that by joining the resources of all, the strength of the whole would be increased for defence, and thus the burden of defending them would be reduced to the Mother Country. The question had been brought under the notice of the Imperial Government three years ago, but no progress had been made. . . In ten or fifteen years the present population of 3,500,000 would probably be doubled, its strength united and developed, and if ultimately it were found necessary to separate, they might then be both ready and able to stand alone and resist further aggression. But if, as I hope, the result were to show that the union of these colonies with Great Britain could be maintained with increasing benefit to both, then how much would the strength of the empire be increased by the possession of such a powerful dependency?

The two solutions thus pointedly brought forward, separation and Confederation, had gained many advocates in both England and Canada as a result of the events of the past few years. In England, the conviction that separation was inevitable now became widespread. The angry storm of criticism of Canadian supineness in defence abated as Canadian efforts increased and the danger faded, while use and custom took the sharp edge off the heresy and ingratitude evinced in Canada's tariff

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policy. The discussion left, however, a legacy in the form of a strong conviction in many men's minds that if the United Kingdom could not defend Canada against the United States, and Canada would not defend herself, and if the trade advantages once considered to offset the burdens of defence had disappeared, there was no reason for maintaining an illusory, dangerous and irritating connection. No reason but one—an honorable unwillingness to set the colonies adrift before they were able to defend themselves against any probable foe. Here, then, the policy of Confederation came in to show the means by which colonies could attain the degree of strength necessary to enable them to stand alone. Both by those who looked to Confederation as the first step toward separation and by those who looked to it as a means of enabling the new state to play a greater part within the Empire, the proposals of Confederation were now given a warm welcome in the United Kingdom instead of the cold indifference exhibited only a few years before.

In Canada, the question of the ultimate future of the relationship, though beginning to be discussed, was less stressed. Here the emphasis was placed on the value of Confederation as a means of meeting the immediate need—increasing the defensive power of the North American colonies. The common danger did much to break down the barriers of provincial isolation. The war which threatened to tear one great federation asunder did much to achieve another.

Yet this factor alone would not have compelled action. It was only the renewed pressure of the difficulty which had first led Galt to urge the solution of Confederation that could bring the question home to politicians who favored hand to mouth policies, and refused to take long views. We may now turn, then, to consider the developments in party and provincial strife which made it clear that only a heroic remedy would meet the situation.

CHAPTER XIII

The Coming of Confederation

The Party See-saw—New Converts to Federation—The Coalition of 1864—The Maritime Provinces Come Half Way—The Conference at Quebec—The Conference Draft and Galt's 1858 Proposals—Confederation and the People—The Conference with the Imperial Authorities, 1865—The Attempt to Prolong Reciprocity—A New Fiscal Policy—Ministerial Changes: the Resignation of Brown and of Galt—The Final Stage.

THE friction with the United States during the Civil War had shown that union of the scattered provinces was desirable. The change of opinion in the United Kingdom on colonial policy and on colonial defence had ensured at last a favorable hearing in Downing Street for any federation proposals. Yet without the development in the provinces themselves of a situation which compelled the practical politicians and party leaders to seek a solution in Confederation, the achievement might have been delayed for years, and that might have meant delay for all time.

In Canada in 1858, when parliamentary and sectional deadlock threatened, it had seemed possible that Galt's proposal to find a way out through federation would be accepted. But the crisis had passed, for the moment. Macdonald and Cartier rallied a strong majority behind them, and the old political coach rattled on once more. For half a dozen years longer the policy of personal rather than of constitutional rearrangement was contin-

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ued. Then the resources of party manipulation were exhausted, and even the most hand-to-mouth politicians were compelled to seek a more daring settlement.

It is not necessary to follow the see-saw of parties in these troubled years through every move. Only the larger tendencies and the more critical episodes need be reviewed. Broadly speaking, the course of events was that the steady and continued advance of Upper Canada over Lower Canada in population and wealth made the existing system of representation almost intolerable, and that the personal ascendancy of the leaders who had induced the majority to accept it weakened.

The administrations in which Cartier, J. A. Macdonald and Galt were the leading figures held power from 1856 to 1862. In the later years the majority and the prestige of the administration steadily dwindled. Upper Canada was fast becoming a unit in favour of Rep. by Pop.¹ While the elections of 1861 retained the Government in office, the break-up began rapidly. It was found necessary to introduce into the cabinet three Upper Canada Conservatives, John Beverley Robinson, John Carling, and James Patton, who were in favour of Rep. by Pop., and to make it an open question in the ministry. Even so, the latter minister was overwhelmingly defeated on seeking re-election in his constituency. Revelations of corruption and inefficiency in the construction of the new Parliament Buildings at Ottawa further weakened the government. Changes in the balance of personality gave the finishing stroke.

The loss of George Brown, by defeat in the elections of 1861, had robbed the Opposition of its most forceful leader, but at the same time had paved the way for closer

¹On M. C. Cameron's motion in February, 1863, demanding immediate Rep. by Pop. legislation, there were 41 Upper Canada votes in favour and 18 against, while in Lower Canada the division was 1 to 51.

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co-operation between the Upper and Lower Canada sections of the party. Two Lower Canada leaders, Sicotte and Loranger, who had quarreled with Cartier, rallied a strong group of moderates, together with what was left of the Rouges. In Upper Canada John Sandfield Macdonald, Ishmaelite though he was, succeeded in shepherding a loose group of moderates who were prepared to co-operate with the Lower Canada section. Neither group was ready for Rep. by Pop. or for federation. If they had any constitutional principle, it was the futile plan of the double majority. In fact, however, they were simply on the plane of Cartier and J. A. Macdonald, seeking to preserve the *status quo*, but with themselves in office and the present incumbents out.

The Militia Bill of 1862 was the occasion rather than the cause of the fall of the Cartier-Macdonald government. The bill, as already noted, was unpopular in itself, especially among the Lower Canada members, but had it not been for the weakening of the government on more personal grounds it could have weathered the storm.²

On May 24, 1862, the new ministry formed by J. S. Macdonald and L. V. Sicotte was sworn in.³ It achieved a measure of administrative success by economies in provincial expenditure, but its tenure of office was never secure.

²Cf. correspondence of Lord Monck with the Colonial Secretary, the Duke of Newcastle, in Martineau, *Henry Pelham, Fifth Duke of Newcastle*, pp. 310-311.

³Macdonald-Sicotte Ministry

Upper Canada

J. S. Macdonald, Premier and Attorney-General West.
M. H. Foley, Postmaster-General.
W. P. Howland, Minister of Finance.
W. McDougall, Commissioner of Crown Lands.
James Morris, Receiver-General.
Adam Wilson, Solicitor-General West.

Lower Canada

L. V. Sicotte, Att'y-Gen'l East.
A. A. Dorion, Provincial Secretary.
T. D. McGee, President of the Council.
U. J. Tessier, Commissioner of Public Works.
F. Evanturel, Minister of Agriculture.
J. J. C. Abbott, Solicitor-General East.

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The only general principle for which it stood, the double majority, was thrown overboard when its most important measure, an extension of the separate school system in Upper Canada, was forced through only by a Lower Canada majority. Its failure to adopt Rep. by Pop. endangered the adherence of Brown and the *Globe*, in spite of their approval of the personnel of the Cabinet, and the separate school policy hardened the attitude of the Clear Grit ring into active opposition. In Lower Canada the ministry was further weakened by the retirement of Dorion, who was not in sympathy with the policy of reopening negotiations for completing the Intercolonial Railway. It was not surprising, then, that toward the close of the first session under the new government, in May, 1863, John A. Macdonald succeeded in rallying enough different shades of opposition to secure a majority of four (63-59) in a vote of want of confidence.

It was only two years since a general election had been held, but there was as yet no alternative to another election. After reconstructing his ministry to include a larger element of the radical group from each section, including Galt's old friend, Luther H. Holton, as Minister of Finance, Sandfield Macdonald went to the country once more.* A gain in Upper Canada and a loss in Lower Canada left matters much as they were. The ministers

*J. S. Macdonald-Dorion Ministry, August 1863-March 1864.

Upper Canada

J. S. Macdonald, Premier and Attorney-General East.
W. McDougall, Commissioner of Crown Lands.
W. P. Howland, Receiver-General.
A. J. Fergusson-Blair, Provincial Secretary.
Oliver Mcwat, Postmaster-General.

Lower Canada

A. A. Dorion, Attorney-General East.
I. Thibaudeau, President of the Council.
L. H. Holton, Minister of Finance.
L. Letellier de St. Just, Minister of Agriculture.
L. Laframboise, Commissioner of Public Works.

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who had been dropped in the reconstruction, Sicotte, Foley and McGee, reinforced the Opposition, and the first two sessions of the new parliament were given up to interminable personal wrangles. In the vote on the Speakership the government was sustained by a majority of eight, but as the session advanced several members were detached from its support. On October 6 Galt moved a vote of want of confidence, condemning the financial policy of the government, and emphasizing again the fact that Confederation was the only possible solution for the difficulties in which the country found itself. The motion was defeated by only three votes (61-64). Early in the following session, on March 21, 1864, the ministry gave up the attempt to carry on the administration of the country.

The attempts made to construct an alternative ministry reveal the tension and the flux of parties. The governor-general sent first for Fergusson-Blair, the late provincial secretary, as a moderate man who might be able to gather a majority about him. Fergusson-Blair first made overtures to Sir E. P. Taché, who declined to assist; and then asked Dorion to try to form the Lower Canada section, but Dorion, after approaching Chapais, Abbott, and Dunkin, failed, and Fergusson-Blair gave up the task. Next Cartier was summoned, with no greater success. Then Taché himself, who had taken little part in political life since the breakup of the ministry in 1857, agreed to undertake the formation of a new ministry. He invited Alexander Campbell, J. A. Macdonald's Kingston law partner, to form the Upper Canada section; Campbell tried, but again with no result. Then Taché suggested a coalition, but McDougall, to whom the proposal was made, declined. At last he fell back on his old colleague, J. A. Macdonald, and on March 30, by their united efforts, another fleet-

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ing administration came to office, if not to power.' The policy of the new government was announced to include proposals for closer trade relations with the other colonies, for making efforts to maintain and extend Reciprocity with the United States, and for more effective organization of the militia, without any increase in expense. Rep. by Pop. was left an open question.

The Taché-Macdonald ministry was the last attempt to make the old machinery work. It was soon clear that its days were numbered. One of the Upper Canada ministers was defeated in seeking re-election, and others had close calls. The Government's majority at the opening of the session proved to be only two, and even this margin was precarious.

The end came on June 14, on a motion by Dorion condemning the action of Galt and the Cartier-Macdonald ministry in general in making an unauthorized advance from the treasury in 1859. At that time certain debentures, to the amount of \$100,000, issued by the City of Montreal in aid of the St. Lawrence and Atlantic Railroad and for which the Grand Trunk was now liable, became due. The railway was unable and the city was unwilling to meet the payment. At the same time Montreal, like so many other cities, was in arrears in its Municipal Loan Fund payments. The government was anxious to have a good example set, and an agreement was made that if the

⁵Taché-Macdonald Ministry, March-June, 1864.

Lower Canada

Sir E. P. Taché, Premier and Receiver-General.
G. E. Cartier, Attorney-General East.
A. T. Galt, Minister of Finance.
J. C. Chapais, Commissioner of Public Works.
T. D. McGee, Minister of Agriculture.
H. C. Langevin, Solicitor-General East.

Upper Canada

J. A. Macdonald, Attorney-General West.
A. Campbell, Commissioner of Crown Lands.
M. H. Foley, Postmaster-General.
I. Buchanan, President of the Council.
J. Simpson, Provincial Secretary.
J. Cockburn, Solicitor-General West.

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city would pay up the \$100,000 it owed the Loan Fund, the government would meet the railway debentures of like amount and look to the Grand Trunk for repayment. Later, the English bankers of the railway, Messrs. Baring and Glyn, and the Vice-President, Mr. Blackwell, agreed to assume their just debt. Unfortunately some misunderstanding arose, which came to Galt's notice only a short time before he left office in 1862. He gave instruction to have his successor's attention called to it, and Mr. Howland attempted in vain to secure the recognition desired. From that day the former Executive were denounced unsparingly for this appropriation of funds without parliament's consent, and in 1864 Dorion seized it as the readiest stick with which to beat the ministry then in office. Technically that ministry could not be held responsible for the deeds or misdeeds of its fourth predecessor, but the Opposition contended that since the wicked triumvirate of Cartier, Macdonald and Galt dominated both, the responsibility came home. The ministers accepted the challenge, and Dorion's motion became a test of the confidence of the House. When it carried by 60-58, Dunkin and Rankin crossing the floor, it was clear that the game was up.

What was to be done? Seek to patch up another ministry out of the existing house? That experiment had been given full trial. Seek a new general election, the third in three years? The governor-general consented, but the defeated ministers were reluctant to face another inconclusive contest. At last it became clear that the only solution was to do away with the mingling of local and general affairs which led to deadlock, by establishing a federal government.

This conviction had been gaining ground throughout the session. In the previous October Galt had brought the question before the House in the motion of want of confi-

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dence in the Macdonald-Sicotte government. In March, the movement gained a notable convert. George Brown had returned to the House in 1863, somewhat chastened by his earlier defeat, and convinced that Rep. by Pop., though a necessary, could not be a final, measure of reform. On March 24, 1864, he moved that a Select Committee of nineteen members be appointed to inquire into the important matters raised in the address of Cartier, Ross and Galt in 1858—Galt's address to the Colonial Secretary outlining the case for federation. He referred to the gross inequalities of representation which existed, one group of three Upper Canada members representing as many constituents as thirteen Lower Canada members, and declared that the endless crises, the frequent elections, the political turmoil, made a change imperative. "There has been no peace, and there can be no peace, until the question is settled, and settled right," he concluded. The motion carried, though not without many expressions of dissent. Upper Canada members who wanted Rep. by Pop. and nothing else, Lower Canada members who feared their province would be swamped, alike attacked it. Galt opposed a fishing inquiry, insisting on pledging the house definitely to his solution, while J. A. Macdonald, who offered no constructive suggestion, loudly endorsed an Upper Canada member who criticised Galt's scheme on the ground that the Civil War in the United States had proved the folly of federal unions. Yet a committee was appointed, and a strong and representative one. It comprised Messrs. Brown, M. C. Cameron, Cartier, Cauchon, Chapais, Dickson, A. A. Dorion, Dunkin, Foley, Galt, Holton, Joly, McDougall, McKellar, J. A. Macdonald, J. S. Macdonald, Scoble, Street, and Turcotte. The committee held eight meetings and reported three months after its appointment, on June 14. Brown, as chairman, announced, that "a strong feeling was found to exist among the members of the Committee in favour of changes in the direction of a

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Federative system, applied either to Canada alone or the whole British North American Provinces, and such progress had been made as to warrant the Committee in recommending that the subject be again referred to a Committee at the next session of Parliament." The Committee had not been unanimous. The yeas and nays had been taken. The last-ditch opponents of any change consisted of John A. Macdonald, Sandfield Macdonald, and Scoble, Dunkin, not being present, but wishing to be recorded 'nay.'

Immediately after the report of the Committee, Dorion moved his fateful want of confidence vote, as an amendment to Galt's motion that the House should go into Committee of Supply. The crisis and the remedy were dramatically thrown together. While the lobbies were discussing the prospects of an election, Brown seized the occasion to suggest to several supporters of the administration that the crisis should be utilized to settle by co-operation once for all the constitutional difficulties between Upper and Lower Canada. Two of the men thus addressed, Messrs. Morris and Pope, asked and obtained leave to communicate these conversations to Macdonald and Galt. On June 17 the latter two called on Brown at his rooms and discussed ways of settlement. As to the remedy, Brown still held out for representation by population immediately, with federation in the distance, while Galt, as well as Macdonald, who was at last converted, insisted on federation at once. As to the means of securing it, a coalition cabinet was proposed.

The negotiations took a week to conclude. Sir E. P. Taché and Cartier joined the other three leaders at an early stage, and Brown held frequent consultations with his friends from Upper Canada. Finally an agreement was reached as to the end to be sought. "The government are prepared," the memorandum ran, "to pledge them-

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selves to bring in a measure next session for the purpose of removing existing difficulties by introducing the federal principle into Canada, coupled with such provisions as will permit the Maritime Provinces and the North-West Territory to be incorporated into the same system of government, and the government will seek by sending representatives to the Lower Provinces and to England, to secure the assent of those interests which are beyond the control of our own legislation to such a measure as may enable all British North America to be united under a General Legislature based upon the federal principle."

The personal and political arrangements necessary were still more delicate. Brown had at first proposed that the Opposition would support the Government in carrying through the policy agreed upon, but Macdonald insisted that as a guarantee of good faith Brown himself should enter the Cabinet. Both men knew how surprised, and in many quarters shocked, the country would be to see two arch enemies embrace after years of the most bitter rivalry. Brown hesitated, and the personal question was postponed until after it was found that an agreement as to policy could be obtained. Then, after consulting his friends, Brown agreed to a coalition. As the Opposition formed at least half the House, he suggested that they should be given half the seats in the Cabinet, four members from Upper Canada and two from Lower Canada. So far as Upper Canada was concerned, Macdonald was willing to concede three seats, but as for Lower Canada, Cartier and Galt contended, the personnel of the Cabinet already afforded ample guarantee for their sincerity and the inclusion of any members of the Lower Canada Opposition would be likely to lead to embarrassment rather than assistance. Brown did not press the Lower Canada matter further, and acquiesced, after some debate, in the proposal to include only three Opposition members from Upper Canada. Accordingly, on June 30, George Brown,

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Oliver Mowat and William McDougall took their seats in the Executive Council.

The compromise thus effected was probably the only means by which Confederation could have been carried, and was therefore justified. Yet it was not without its unfortunate aspects. Brown was distinctly outmanoeuvred from the party and personal standpoint, and his realization of this later came near to shipwrecking the movement. It was unfortunate, also, that it was not possible to include in the government representatives of the Lower Canada Liberals, who, while opposed to the wider plan of federation, had advocated the federation of the two Canadas long before Brown or Macdonald had been converted. They were, perforce, driven into Opposition, and into taking a more determined position of antagonism than they really felt. Yet there was much force in the contention of Cartier and Galt that a change in the Lower Canada section of the Cabinet would have hampered rather than helped. The very fact that Dorion and Holton and their supporters had long been the friends of tolerance and of the closest possible relations between French-speaking and English-speaking Canadians would have made them suspected in the minds of those of their fellow countrymen who feared that in Confederation French-speaking Canadians would be swamped and overwhelmed. It was a paradox, but true, that the mass of Lower Canadians would be much more likely to accept Confederation if sponsored by those who, like Cartier, had hitherto been most unyielding in opposing any constitutional change or any abandonment of Lower Canada's full equality in parliament.

Both the legislature and the province accepted the new policy with surprisingly little opposition. The union of the most powerful leaders in its support and the general weariness of faction and deadlock compelled consent throughout the Canadas.

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It remained to ascertain the attitude of the Lower Provinces. Fortunately they met Canada half way. A vague feeling of dissatisfaction with the isolation and limitations of their existing status had been growing up, particularly among the political leaders. No breakdown of party government, no sectional deadlocks had developed in the provinces by the sea. Yet other factors stirred thoughts of union. Like Canada, they had felt the weakness and the danger of isolation, both in making their influence felt in London and in averting the designs of jingoes in Washington. The desire for an intercolonial railway was still strong, and it was coming to be felt that only political union could achieve it. Many of the leading men, trained in the struggles for responsible government and the party conflicts which followed its achievement, had come to feel that the provincial stage was too narrow for them. They had developed political capacity beyond the needs or opportunities of the three eastern provinces, which all told numbered less than a million souls. It was this desire for larger worlds to conquer which had made Joseph Howe dream visions of an imperial parliament in which a great Nova Scotian might find no mean place, and it was this ambition which led Charles Tupper first to plan a Maritime Union and later to accept with eagerness the proposals for a wider federation.*

It was in a Nova Scotia Legislature, 1854, that the first parliamentary proposal of union of all the provinces was made. Nothing came of the proposal, and it was not until ten years later, when Tupper became premier of Nova Scotia, that further steps to union were taken. In that year he invited the governments of the other eastern provinces to send representatives to a conference to dis-

* "The human mind naturally adapts itself to the position it occupies. The most gigantic intellect may be dwarfed by being 'cabin'd, cribb'd, confined.' It requires a great country and great circumstances to develop great men." Charles Tupper, Lecture at St. John, 1860, "The Political Condition of British North America."

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cuss Maritime Union. The Conference was called for September, 1864, in Charlottetown. The Canadian ministers decided to take advantage of this happy conjuncture to raise the wider question, and sent a delegation to confer with the Maritime leaders.⁷ The local scheme was wrecked by the obstinate insistence of Prince Edward Island that its capital should be made the seat of the new Maritime Government, but this disappointment was soon forgotten in the welcome given the wider plan. Brief discussion made it clear that the plan of federal union would receive careful consideration, if not consent, on every side. Accordingly it was arranged that in the following month a conference of delegates from all the colonies should meet at Quebec to discuss the wider plan. A series of banquets in all three Maritime capitals gave the Canadian delegates an opportunity of bringing the merits of the proposal before representative audiences.

On October 10, 1864, the most momentous assembly in the history of the northern half of the continent was opened at Quebec. Each of the five eastern provinces was represented, and the thirty-three delegates included nearly all the foremost leaders of political opinion.⁸

⁷The Canadian delegates were John A. Macdonald, George Brown, George Cartier, Alexander T. Galt, William McDougall, Thomas D'Arcy McGee and Hector Langevin.

⁸The respective Provinces were represented as follows:

Canada.—Hon. Sir Etienne P. Taché, Premier, M.L.C.; Hon. John A. Macdonald, Attorney-General West, M.P.P.; Hon. George E. Cartier, Attorney-General East, M.P.P.; Hon. George Brown, President of the Executive Council, M.P.P.; Hon. Alex. T. Galt, Finance Minister, M.P.P.; Hon. Alex. Campbell, Commissioner of Crown Lands, M.L.C.; Hon. William McDougall, Provincial Secretary, M.P.P.; Hon. Thomas D'Arcy McGee, Minister of Agriculture, M.P.P.; Hon. Hector Langevin, Solicitor-General East, M.P.P.; Hon. J. Cockburn, Solicitor-General West, M.P.P.; Hon. Oliver Mowat, Postmaster-General, M.P.P.; Hon. J. C. Chapais, Commissioner of Public Works, M.L.C.

Nova Scotia.—Hon. Chas. Tupper, Provincial Secretary, M.P.P.; Hon. W. A. Henry, Attorney-General, M.P.P.; Hon. R. B. Dickey,

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The deliberations of the Conference were held in secret. Such memorials of the proceedings of the Fathers of Confederation as have survived^a have the same curiously meagre and severely practical aspect as the terms of the Act itself. There was little, either in the proceedings or in their outcome, of the harking back to first principles, or of the references to the experience of other lands, which marked the forming of the republic to the south. Yet in the sixteen days which were given to the work, the foundations of the future state were laid broad and firm. The measure of the power of the men there assembled to read the need of their own time and to foresee the growth of the future is found in the success and steady progress of the nation they helped create, and in the small necessity yet found for amending their provisions.

The main outlines of the plan were soon determined. In spite of Macdonald's insistence on a legislative union, opinion was practically unanimous in favour of a federal basis. It is now clear that on no other basis could a union have been formed or have been maintained. Lower Canada, insistent on preserving its cherished institutions, and the Lower Provinces, separated from the Canadas by long leagues of territory and years of non-acquaintance, and equally reluctant to hand over their local affairs to a legislature a thousand miles away, would not have entered

M.L.C.; Hon. Adams G. Archibald, M.P.P.; Hon. Jonathan McCully, M.L.C.

New Brunswick.—Hon. Samuel L. Tilley, Provincial Secretary, M.P.P.; Hon. John M. Johnson, Attorney-General, M.P.P.; Hon. Edward B. Chandler, M.L.C.; Hon. John Hamilton Gray, M.P.P.; Hon. Peter Mitchell, M.L.C.; Hon. Charles Fisher, M.P.P.; Hon. William Steves, M.L.C.

Newfoundland.—Hon. F. B. T. Carter, M.P.P., Speaker of the House of Assembly; Hon. Ambrose Shea, M.P.P.

Prince Edward Island.—Hon. John Hamilton Gray, Premier, M.P.P.; Hon. Edward Palmer, Attorney-General, M.P.P.; Hon. W. H. Pope, Provincial Secretary, M.P.P.; Hon. George Coles, M.P.P.; Hon. A. A. Macdonald, M.L.C.; Hon. T. H. Haviland, M.P.P.; Hon. Edward Whelan, M.L.C.

^aE.g. Pope's Confederation Documents.

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on any other terms. Even had the attempt been made to frame a legislative union, the hopelessness of harmonizing sectional differences and of extending the union to cross the continent would soon have brought shipwreck. Yet while the federal basis was accepted, the lesson of excessive state autonomy driven home by the Civil War led to giving the central government greater powers than in any other federation yet devised. The right of the federal government to appoint and dismiss the Lieutenant-Governors of the provinces, the right to disallow provincial legislation, the assignment to the federal government of all legislative powers not specifically given the provinces and the power of the federal cabinet to nominate the members of the Senate, which was supposed to assure the smaller provinces against aggression, were devices, not all successful, to avoid the ills experienced by the republic.

The composition of the federal legislature was settled without great difficulty. Following the example of the United States, it was agreed to set up two houses, a Commons in which the cry of representation by population would be given effect, and a Senate in which some approach to federal equality between the various sections would be secured. There was practically no sentiment for universal suffrage even for the election in the Commons, and, at first, the provincial qualifications for franchise were to be accepted in the federal elections. In the first draft, also, it was left to the provincial legislatures to carve out the federal constituencies, and it was only after it was recognized what opportunity this would give a hostile provincial government to gerrymander the federal ridings that the Canadians sought, and successfully, to have this provision changed. As for the Upper House, there were few voices in favour of any other method of selection save nomination. The canvassing required under the elective method, in force ten years in Canada,

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had proved too arduous and expensive for elderly politicians, and the desirability of winning over the legislative councils of the various provinces by the lure of seats in the Senate strengthened the demand for nomination. Several Lower Province delegates wished to leave the nomination in the hands of the provincial governments, but, with dubious wisdom, the Canadian representatives insisted upon nomination by the federal cabinet, a device which practically destroyed the federal character of the Upper House. An exception was made in the case of Prince Edward Island.

In the division of legislative power between the federal and local governments, the influence of the United States, exerted both by attraction and by repulsion, and of the old controversies in the Canadas, was apparent. The division agreed upon differed from the United States scheme in assigning criminal law, marriage and divorce, with some reservations, and various phases of commercial dealings, to the federal authorities, and as already noted, in making the federal government residuary legatee, a provision which has not proved to be as important as was anticipated. The question of courts and laws was settled by giving the provinces the power to establish the courts, save a federal court of appeal, and the federal government the right to appoint and the duty to pay the judges, who were to be drawn from the local bar until such time as the English-law provinces brought uniformity into their civil laws.

The chief stumbling blocks were the question of finance and the question of education, in its religious phase. The Lower Provinces had not developed municipal institutions beyond a very rudimentary stage, and were accustomed to look to their legislatures for many facilities which in the Canadas were provided by the municipalities and met out of local taxation. Their representatives insisted, therefore, not merely upon a federal subsidy to the pro-

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vinces, but upon a subsidy on a scale which the Canadian representatives deemed extravagant and superfluous. Deadlock threatened, but in a conference in which Galt and Brown represented Canada, Tupper and Archibald Nova Scotia, Tilley New Brunswick, Pope Prince Edward Island, and Shea Newfoundland, an agreement was reached as to assumption of debts and scale of subsidies which met the existing need and which it was fondly hoped would prove permanent. Crown lands, save in the case of Newfoundland, were to remain in the possession of the provinces, while the chief public works were to be transferred to the federal government.

The question of the control of the schools had long been a vexed one. Under a scheme which gave the control of education to each province, the Roman Catholic majority in Lower Canada had no ground to fear that their views would not be respected. The Protestant minority, however, were in a different position, and Galt, as the special representative of this group, was anxious to have their rights and privileges safeguarded beyond dispute. Accordingly a resolution was included giving the provinces control of "education, saving the rights and privileges which the Protestant or Catholic minority in both Canadas may possess as to their denominational schools at the time when the Constitutional Act goes into operation."

The construction of the Intercolonial by the federal government was an essential condition of the Lower Provinces' acceptance of the union, and was agreed upon without demur. With still more ambitious grasp, the resolutions of the Conference provided not merely for the future admission of the North West Territories and Pacific provinces, but for improvement of the communications with the West at the earliest possible period that the finances would permit.

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The conclusions reached in this momentous three weeks' conference were changed in minor details later, but in substance are the basis of Confederation to this day. It is, therefore, worth while to note at this juncture how closely they correspond to the draft drawn by Galt eight years earlier, at a time when no other public man had entered upon the question of the details of the terms of federation, and at a time before the Civil War had made clear to all men the need of giving a greater measure of power to the federal government. When, further, it is borne in mind that after the second day, on the motion of the Newfoundland representative, Mr. Shea, the resolutions moved were prepared in advance by a committee composed of the delegates from Canada, it will be apparent that Galt's contributions to the all important questions of practical detail were as significant as his share in urging the general policy of a federal union.

Galt's Draft, 1858

1. A federal rather than a legislative Union.
2. The Confederation does not profess to be derived from the people; the constitution is provided by the imperial parliament, "thus affording the means of remedying any defect, which is now practically impossible under the American constitution."
3. The Federal government to be composed of a Governor-General or Viceroy, appointed by the Queen, an Upper House or Senate elected on a territorial basis, and a House of Assembly elected on the basis of population; the Executive to be composed of ministers responsible to the legislature.

The Quebec Resolution of 1864.

1. Adopted.
2. So determined.
3. Adopted, except for making the Senate a nominated rather than an elected body.

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4. The Federal Government to have control over Customs, Excise, and all trade questions, Postal Service, Militia, Banking, Currency, Weights and Measures, Bankruptcy, Public Works of a National Character, Harbours and Lighthouses, Fisheries, Public Lands, Public Debt, and unincorporated territories.
4. All specifically assigned to the Federal Government, save Public Lands.
5. It will form a subject for mature deliberation whether the powers of the Federal Government should be confined to the points named, or should be extended to all matters not specially entrusted to the local legislatures.
5. The second alternative adopted.
6. The constitution of a federal Court of Appeal.
6. Adopted.
7. Net revenue from the Crown Lands in each province to be the exclusive property of that province, except in the case of the territories.
7. The Crown Lands themselves so assigned.
8. The general revenue, having first been charged with the expense of collection and civil government, to be subject to the payment of interest on the public debts of the Confederation, constituted from the existing obligations of each, and the surplus to be divided among the provinces according to population. For a limited time a fixed contribution might be made from the general revenue for educational and judicial purposes. "By the proposed distribution of the revenue each province would have a direct pecuniary interest in the preservation of the authority of the Federal Government."
8. The general principle of federal subsidies adopted, on the basis of a fixed contribution rather than 'distribution of surplus revenues.' The debts of the provinces assumed by the Federal Government, with detailed adjustments.

In the concluding words of Galt's letter to Sir E. B. Lytton in 1858, his draft foreshadows with remarkable

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prescience the determination of the future Fathers of Confederation to frame a constitution which "would possess greater inherent strength than that of the United States, and would combine the advantage of the unity, for general purposes, of a legislative union, with so much of the Federation principle as would join all the benefits of local government and legislation upon questions of provincial interest."¹⁰

It took less than three weeks to draft the plan of federation, but it was to take nearly three years to secure its adoption. The members of the Conference had become thoroughly convinced of the need and the feasibility of the proposal, but it was still a question whether it would commend itself to the varied interests of the five provinces.

In Canada, sentiment soon proved overwhelmingly in favour. The strongest leaders of both parties were united in its advocacy, and the constitutional agitation of the past ten years had prepared men's minds for sweeping change. A series of banquets and public meetings addressed by the leading delegates gave opportunity immediately after adjournment to put the case before the people, and the response of press and public soon showed that the leaders had rightly judged the public temper. Among the more notable of these addresses was that given by Galt to a meeting of his constituents in Sherbrooke, on November 23, 1864. It was a particularly clear and comprehensive summary of the proposed changes, with special reference to the position both of the French-speaking and of the English-speaking citizens of Lower Canada under the federal system. The address was widely circulated in pamphlet form, and contributed materially to a sympathetic understanding of the union plan.

¹⁰Chapter IX, above.

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No time was lost in bringing the issue before the Canadian legislature. The debate began immediately after the opening of the 1865 session, in February, and continued into March. The discussion rose to the level of the high occasion. There was, inevitably, much turgid rhetoric, much repetition of familiar points, much evident cramming of historical lore, but particularly in the speeches of eight or ten of the leading men, the practical grasp, the wide vision, the high courage displayed gave splendid promise for the future of the new nation.

On the government side, the most notable speeches were those of Macdonald, Cartier, Brown, McGee and Galt. John A. Macdonald, in presenting the resolutions, gave a lucid analysis of the distinctive features of the plan. G. E. Cartier, who, as usual, was somewhat personal and discursive, devoted his attention mainly to the effect upon Lower Canada. George Brown made one of his most elaborate speeches, covering the main advantages both negative and positive, of the change, and seeking to prove its consistency with his earlier policy. D'Arcy McGee carried off the palm for eloquence, emphasizing, perhaps overmuch, the danger from the United States as a motive compelling union. A. T. Galt, as befitted the Finance Minister, stressed chiefly the commercial advantages to be gained and expounded the financial provisions of the plan. All declared that the time for union was now or never, and all insisted that the resolutions adopted by the Quebec Conference were of the nature of a treaty, not to be altered by any single province.

The opposition to the proposals came from many quarters and many motives. Sandfield Macdonald, like his fellow-clansman in preferring personal tactics to constitutional change, consistently urged a continuance of the old system, only with better men in charge. Luther Holton attacked the haste and sketchiness of the proposals. A. A. Dorion opposed alike the nominated Senate,

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the pledge to build the Intercolonial, and the concentration of power in the hands of the Federal Cabinet, and considered the whole proposal premature. Joly de Lotbinière feared that French-Canadian nationality would be swamped. John Hilliard Cameron, while supporting the proposals, urged, in vain, that they should be submitted to the people through a general election. But it was left for Christopher Dunkin to make the most powerful attack upon the Confederation scheme. That it was a jumbled compromise framed to catch every political and sectional interest, that it was an impossible combination of republican and monarchical principles, that the Senate proposed was ridiculously the worst that could have been devised, that in default of adequate provision in the Senate for guarding federal interests the Cabinet would perforce become a body representing all the different sections and creeds, and hence prove unwieldy, that the division of legislative and judicial powers between the federal and the provincial authorities was confused and illogical, that the opening up of railway communication with east and west would entail bankrupting outlays, that the provincial subsidy device would create among the local governments "a calf-like appetite for milking this one most magnificent government cow," and that, as an Englishman, he must deprecate any scheme which was a sure step toward independence and a step away from imperial union,—these were only the more notable points in one of the most remarkable speeches ever delivered in any parliamentary gathering. Many of the criticisms of the methods adopted were well taken, many of the prophecies of evil have been borne out by time, but the fact remained that the critics of the plan could give no other solution of the difficulties that faced the province. Fear could not prevail against hope. The resolutions were carried in the Legislative Council by 45 to 15, and in the Assembly by 91 to

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33; in both Houses there was a favorable majority among both the Upper and the Lower Canadian members.

So far as the Canadas were concerned, all was well. But not so in the provinces down by the sea. Their representatives at the Conference had returned after their oratorical pilgrimage through the cities of Canada to find a coolness and suspicion which soon hardened into fierce hostility. Fear of Canadian extravagance, of high tariffs and higher debts, of the faction fights whose virulence had been noised abroad, lack of the stimulus which political deadlock had given in Canada, distrust of the unknown, and personal rivalries contributed to rouse wide opposition. In New Brunswick the Tilley Government, appealing to the country on a confederation platform, was overwhelmingly defeated in the same month that the Canadian parliament endorsed the proposals. Newfoundland and Prince Edward Island definitely drew back. In Nova Scotia, opposition developed among business men who had hitherto taken little part in politics, and when in addition Joseph Howe, whether from conviction or from personal pique, lent their movement his powerful aid, even Tupper was forced to hesitate. But not for long. A year later the tide turned in New Brunswick; the pressure of the Colonial Office, the reviving fear of Fenian raids, Canadian campaign fund contributions, and the blunders of the anti-Confederate Government, combined to put Tilley again in power, pledged to carry out the original agreement. Nearly at the same time, in April, 1866, Tupper carried a motion in the same direction through the Nova Scotia legislature, and thus the ground was cleared for further action.

The situation in 1865 was so grave, in the opinion of the Canadian ministers, as to necessitate a conference with the Imperial Government. Confederation had been jeopardized by the result of the New Brunswick elections, and it was essential to endeavor to have the influence of

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the British Government brought to bear in its favour. The United States had now given formal notice of its intention to abrogate the Reciprocity Treaty in March, 1866. The military situation was again causing alarm. The border raids had revived United States hostility, and the institution of a passport system and a proposal to end the Rush-Bagot convention were the first fruits of this attitude. Many feared armed attack, now that the triumph of the North had set millions of trained men free, and, with more justification, the designs of Fenian plotters caused alarm. It was advisable, therefore, to concert measures for defence. Finally, the programme of annexing the North-West Territory and of overriding or settling the claims of the Hudson's Bay Company called for consultation. It was, therefore, decided to send a delegation consisting of Macdonald, Cartier, Brown and Galt to discuss all these matters with the British Cabinet.

Cartier and Galt sailed a fortnight earlier than Macdonald and Brown, and had the negotiations well under way when the others arrived, the first week in May. Palmerston was still in power, with Cardwell Secretary for the Colonies and Gladstone at the Exchequer. A special committee of the Cabinet was named to confer with the Canadian delegates, consisting of the Duke of Somerset, Earl de Grey and Ripon, Mr. Gladstone and Mr. Cardwell, but most of the preliminary discussion was with Mr. Cardwell alone.

As usual, the social phase of the negotiations was very marked, and Galt's letters to his wife gave many evidences of the increased attention Canada was now deemed to warrant, as well as throwing some interesting sidelights on the life of London half a century ago.

London, 2nd April, 1865.

On Tuesday, Cartier and I commenced operations. We saw a great number of people, and generally gathered from them that we

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had a most difficult task before us. We did not see Mr. Cardwell, the Colonial Secretary, as he was detained at a Cabinet Council. His private secretary, however, called and gave us an appointment at his own house, yesterday morning, and we were with him for upwards of two hours. It was only a preliminary conversation, but we were both pleased with his general tone. One thing he assured us of, that the Imperial Government were prepared to give us their full and hearty support in the Confederation. We are to see him again to-day and he goes with us to Lord de Grey, the Secretary at War, and we shall meet the Duke of Cambridge either then or to-morrow. We are both quite satisfied that it has been most useful our coming in advance of our Colleagues, as we have thus established the basis of negotiation in our own way. It is particularly satisfactory to me on my account. Our division of labor is that Cartier takes up the Confederation question, and I take the Defence. . . .

London, 4th May, 1865.

Macdonald and Brown have arrived and we are holding daily interviews. I cannot yet say anything as to the result. I have never been sanguine, and am not so now, though public opinion is generally favorable. Still, I doubt whether the people are prepared for the magnitude of the requirements.

We are full of invitations and from distinguished people. Cartier and I having arrived first have rather got the advantage of the others, as our arrival was chronicled in the press, and theirs was not. We went last night to two "At Homes"—the Marchioness of Salisbury's and the Countess of Waldegrave's. They were brilliant affairs and crowded with the nobility. We went at 11 p.m., spent about three-quarters of an hour at Lady Salisbury's and about half an hour at Lady Waldegrave's. There were many beautiful women and of course extremely rich dresses. I met Sir Edward Lytton, who was very glad to see us, also Lord Lyons, Sir John Polkington, Lord Robert Cecil, Marquis of Salisbury, Lord Houghton, and a number of other well-known men. I did not expect to like it, but was agreeably disappointed. Mr. Elliott of the Colonial Office, who has always been very civil to me, went through the rooms with us and introduced us to all whom he thought we would like to meet. At Lady Salisbury's we met the Conservatives, and at Lady Waldegrave's the Liberals, so we saw both sides.

We are going to an "At Home" at the Countess of Stanhope's. We dine with Lord Abinger to-morrow at the Political Economy

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Club, and on other days with Mr. Cardwell, Lord de Grey, Lady Waldegrave, Lord Elcho, Sir John Polkington and several other great people. We are decidedly in the "haut monde" at present, but I confess I would rather mix with my own class. It shows, however, that politics form the only short cut from the middle to the upper ranks. No amount of wealth would secure the attention we receive, and these attentions are given not to us but to our offices, and in compliment to our people. Out of office these people would not bother their heads about one of us and I should not, therefore, go to their homes if it were not that in going I serve the object of my visit. Still it is no doubt pleasant to be the recipient of marks of attention. Dr. Hellmuth called a day or two ago. He was very well and wanted me to attend and speak at the public meeting of the Colonial Church Society on Thursday, which I have agreed to do. There will be a number of the Bishops and Clergy present, and I shall try to interest them in our progress. I will send you the report.

We are going to dine with the Goldsmiths Company next week, it will be a great banquet.

A. T. G.

London, 17 May, 1865.

On Monday I went to the play and was much pleased. But the great event of Monday was our reception at Court. The morning was spent partly in arranging our uniforms. I had sent mine to the tailor's, to put it completely *en règle*, as you know the gold lace was not the correct width, and I had also to get the knee breeches, etc.

We all looked very grand. Our carriages were ordered at half-past two, and we reached the Palace at a quarter to three. We were ushered upstairs into a picture gallery, where we found a crowd of magnificently dressed ladies and men in uniform, all gorgeous and beyond my powers of description. Mr. Cardwell had us in charge. We met a good many people we knew, the Ministers of State and people we have met at dinner.

The Court, as it is termed, is a recent innovation of the Queen's to relieve her of the fatigue of the Drawing-room, when a vast number come. At a Court only those attend who are invited, and it is therefore a great distinction. Before the general reception began, the Queen ordered that we should be presented by Mr. Cardwell, as belonging to the Diplomatic circle, and that we should have the honour of kissing hands. Accordingly when the door opened, we were ushered in, preceded by Mr. Cardwell, in the order of our seniority, Macdonald, Cartier, Brown and myself. The ceremony

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was to bow, to go down on the right knee (a matter involving, in my own case, a slight mental doubt as to the tenacity of my breeches), the left arm is then advanced a little, and the Queen laid her hand upon it, which I touched slightly with my lips. I then rose, bowed again, and moved off to the left of the Court circle, which consisted of the Princesses Helena, Louise, May of Cambridge, the Prince of Wales, and the ladies and gentlemen in attendance. The Prince of Wales kindly recognized us by bowing and smiling. The Princess of Wales was not present. The position assigned to us was that of honour next the Court Circle. The other presentations took place, and the papers I send you will give you the names. The dresses and jewelry of the ladies were most magnificent. They all wore trains, beautiful silk and lace. I was much amused to see how the trains were gathered up. An old gentleman in a grand uniform stood a little to one side next us, and as each lady passed on he picked up her train with great dexterity and placed it over her left arm, and pointed where she was to go. One old lady got slightly embarrassed with her train by turning round the wrong way. I endeavored, but without much success, to restore her train to her arm, and she went down the room like a ship in distress. The whole affair did not occupy more than half an hour.

The Queen looked very well, but little changed. She was dressed in black, with a long white veil attached to the back of her head. No ornaments, except a heavy pearl necklace. Many of the ladies wore magnificent diamonds and pearls. The Princesses wore white, very plain. They looked amiable, kind girls, especially Helena. The Prince looked very well, and has improved greatly since he was in Canada. The whole scene was a most brilliant one.

. . . . We all felt we had been treated with great distinction. Indeed our whole reception in England proves how important our mission is considered. We are treated quite as if we were ambassadors and not as *mere Colonists* as we have always been called.

. . . . I dare say you will think that our business is not getting on very well with all this party going, but we are obliged to wait until the Defence Commission has reported, which will be to-day or to-morrow. We open our formal official communication on Friday, and hope a few days will settle things.

A. T. G.

London, 19th May, 1865.

We dined on Sunday with Sir Edward Lytton, and met some literary people, among others Dickens, with whom I had a good

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deal of conversation. On leaving we went to the Cosmopolitan Club, where I met Mr. Kingslake, the author of *Eothen*. On Saturday Mr. Brydges and I went to Windsor and had a very pleasant drive through the Park, enjoying it very much. On Monday Cartier and I dined with Mr. Henry Jackson, and met several of the young literary men of the day. Yesterday, Tuesday, we dined with Mr. Cardwell, and met Mr. Gladstone, the Duke of Argyle, Lord de Grey, and Sir R. Palmer, the Attorney-General. It was a purely political dinner, none but members of the Government were present. We therefore had some conversation on our business, but not much.

Thursday, 11th May.

I resume my pen to tell you of our movements last night. We first dined at the Goldsmiths' Hall, the most magnificent display of plate I ever saw. We then drove home, dressed, and went to Lady Waldegrave's At Home, where there was a great crush. We did not stay long, but went on to the Duchess of Wellington's. The ball was, as you may suppose, a very grand affair. After being presented to the Duchess we walked through the rooms, looked at the company and, being rather tired, went home. It is very well to see these places, but it is certainly no great enjoyment for strangers. All was extremely gay and bright. The Duchess has been a very fine woman, but looks faded and sad; she was painted a good deal. We did not see the Duke.

To-day I have been in the city attending the Land Company's annual meeting. I gave them a short account of matters in Canada, and some good advice which I think they will follow. They passed a vote offering me a Dinner, but I do not think it will be in my power to accept. I am to meet the Directors next week.

A. T. G.

London, 25th May, 1865.

Our business here proceeds slowly, and I much fear is going to become very involved. It seems to me as if the Statesmen of England had lost many of the high qualities which used to distinguish them, they seem so timid and hesitating, but at the same time I must admit that the question is surrounded with difficulties. We have had two formal meetings with the Committee of the Cabinet, and we have another to-day which will be very important. The issue is fortunately in the hands of God, who will surely overrule it for good, but I much doubt that serious changes will be necessary in our condition in Canada.

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I do not quite like the very marked attention we have received. They have treated us too much as ambassadors and on an equality, and I think it bodes no good, however flattering it may be.

On Monday I dined with Mr. Betts, and went in the evening to a Concert at the Palace, to which we had the honour of an invitation. It was a very grand affair, the Prince and Princess of Wales and all the foreign Ambassadors and elite of the land. There was a light supper afterwards. I enclose you the carte of the music.

Yesterday we were invited to accompany the Prince to inspect the Great Eastern and Atlantic Cable. We left town at twelve and returned at six, afterwards dining at Mr. Cardwell's (in full dress).

To-day we are invited to the Duke of Cambridge's, but I have sent an apology, not being inclined for festivities, and being very anxious about our business. You must say nothing about it to anyone, but I have the conviction we shall effect nothing satisfactory to our own people. It is very grievous to see half a continent slipping away from the grasp of England with scarcely an effort to hold it. If the worst comes to the worst we shall at any rate be relieved from all danger of war, as the United States will not quarrel with us.

A. T. G.

London, 30th May, 1865.

We had our first *official* interview yesterday, and think we have made a good impression. The Cabinet meets to-day to consider the matter, and we may fairly expect that we shall make progress next week.

Our festivities continue. We dined yesterday with the Prince and Princess of Wales. We were most graciously received, the party was really a Canadian one, the Prince having invited all of his Canadian suite whom he could get. When the party had assembled, the Prince and Princess came in, and we all formed in line and bowed as they went into the dining room. The dinner was of course good, and I have the bill of fare for you. Music (Canadian quadrilles being part) during the whole dinner. After dinner we went into the drawing room, when the Prince presented us each in turn to the Princess, with whom we had a little conversation. She is really extremely pretty, and has the nicest possible foreign accent. She told me she had a horror of the sea, and doubted whether anything could tempt her across the Atlantic, and some little remarks of that kind. After those who had ladies with them had gone, the Prince desired us to go with him to smoke, and we

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were shown into a handsome Turkish divan, where we had cigars, wine and seltzer water. The Prince put on his dressing gown, to a great extent dropped ceremony, and kept us with him upwards of two hours. We left at half-past one. I had the opportunity of mentioning old Captain Felton and Mrs. Felton to him and told him how devoted were their memories of his kindness. He seemed very much pleased, and desired me to express to them how pleased he was to hear of their welfare. This of course I shall do on my return, but I prefer giving you the opportunity of making the old people happy by calling yourself and telling them, which I hope you will do. I have got one of his cigars, which he told me had been sent to him by the King of Portugal; I shall smoke it when I get home.

It seems odd to be visiting on such comparatively easy terms our future King and Queen, and I know it is a very high distinction, the highest, I suppose, they can offer us. When we left the Prince said he must see us again before we went home.

We attended the Levee to-day, and were honoured by having what is called the "Entree," that is, we came in with the Foreign Ambassadors, and formed part of the Court circle, going and coming by a separate entrance. And we have now invitations to the Palace, by command of the Queen, for a musical party on Monday. We are also to dine with the Duke of Cambridge. From all we can see we have got the Court party on our side, and this will be of the greatest use.

A. T. G.

London, 1st June, 1865.

Since I wrote last I may mention our doings in the fashionable world. We dined on Monday with Col. Jervois, who has been a warm friend to our mission, indeed, by the way, I may say we have no stronger ally than the Duke of Cambridge, and all the Army men. We did not go out in the evening. On Tuesday we had a magnificent entertainment at Richmond, by Sir Morton and Lady Peto, 150 ladies and gentlemen, and flowers and music "à discretion." He had invited all our Railway friends, and we had a charming evening. Mr. and Mrs. Brassey drove me back to town.

Yesterday was the ever memorable "Derby Day." We had made up a party of eleven including Bischoff, Grant (whom you may recollect as G.T.R. secretary), Reynolds (whom you do not know), Brydges, Russell of the *London Times*, and ourselves with McGee. We had a basket of lunch and wines from Fortnam and

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Mason, and two carriages with postillions. We breakfasted at eight and started a little after nine. The day was all we could wish, but a great deal of dust. We drove down in the midst of a mass of vehicles of all kinds, indulging in good humored jokes on all sides. We reached the Downs at noon, and got our carriages into a very good place, inside of the course. After settling our arrangements and washing down the dust with sherry and seltzer water we went on a peregrination through the crowd, which thickened every moment.

Macdonald and I went with Russell, who knew every place, and he had got us invited to a very "swell" place close to the winning post. This was a shed and stand erected by a Mr. Todd Heatly, the wine merchant, who supplies most of the Army messes and many of the Clubs and nobility. He opens it on the Derby Day to his friends, who are all the nobility. He provided a magnificent lunch, turtle soup and champagne cup. You would have been horrified to see the champagne go, it was emptied into two large barrels, holding seventy dozen each!! and by a little arrangement of pipes there was a champagne fountain flowing in the middle of the shed. Besides the turtle, there were all the delicacies and substantial of the season. After getting a little preliminary lunch, we walked back to our carriages, and you can scarcely imagine the difficulty we had in finding them, the mass of vehicles was so dense. There we met our own party again, and stayed about an hour, returning to Todd Heatly's to see the race run. Then we had our real lunch, with a little champagne, and then went on the stand, which was not at all crowded, as he evidently in this respect was careful to make his guests comfortable. We had a magnificent view of the course, and could see the horses all the way round. It was really a wonderful sight to see the immense mass of people, and we especially admired the quiet, firm way in which the police controlled them. After nine false starts, the horses got away, and a roar from the multitude announced the fact to those who had not seen it. Immense excitement in every face, hope and fear alternating as the two minutes passed away, which won or lost a million sterling to those who witnessed it. We catch a glimpse of the bright colors of the thirty jockeys flashing along the distant course, and, almost as it were in an instant, we see them sweep round the distant corner and enter the broad, straight course which leads to the winning post. Shouts rise on every side that this or that horse wins. We all watch their approach with eager eyes, not yet sure of the result, till at last one horse singles himself out from the others, and rushes past, while the shouts from two hundred

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thousand throats proclaim that the French horse has won. The excitement becomes tremendous, the vast crowd rushes into the course, and for full three-quarters of a mile, nothing but a mass of human faces is seen. I never saw anything approaching it in actual sublimity. I am satisfied there were more than a quarter of a million of people rushing together, all eager, excited, gesticulating, shouting, pushing, fighting, and quite uncontrolled and uncontrollable. As soon as it was known which horse had won, things subsided again, people cooled, those like ourselves who had no pecuniary interest¹¹ in the race, went off to seek more lunch, more champagne, and other fun, while the fortunates and unfortunates were in all the stages from perfect bliss to utter despair. Decidedly the race for the Derby is an institution.

The great interest of the day being over, we went to see the sights of the course, gypsies, music, mountebanks, games of all kinds, menageries of savage animals, and shows of Irishmen disguised as savage Indians, and all the rest of the amusements, till it became time to discuss the great question of getting out of the crowd home. We were rather lucky in the position we had chosen, and after spending half an hour in getting ready and another half hour in hunting up stray members of our party, we started all merry, but not in the least degree more.

The Road, as the return to London is called, is one of the great celebrities of the Derby, and is in fact the Saturnalia of the lower classes, who discharge all sorts of wit, humor, and abuse, with occasionally something broader, at all and sundry. This is quite understood by everyone, and all go prepared for whatever may betide. Picture us, then, first providing ourselves with tin tubes and sundry bags of peas, little wooden dolls, pincushions filled with bran, then putting on our greatcoats buttoned to the throats, veils over our hats and faces if need be, cigars lighted, all as merry as possible and prepared to enjoy the fun of The Road.

I was lucky enough to be in the carriage with Russell and John A., both masters in the art of "chaffing," and I can assure you our carriage kept up its reputation all the way to town, being greeted alternately with cheers and volleys of peas, to which we made suitable rejoinders. We got blocked for an hour at a railway bridge,

¹¹There appears to be some difference of opinion on this important historical question, as Macdonald later insisted that the group had entered a pool of a guinea a draw and that when Galt drew the favorite, Gladiateur, he exchanged and gave a guinea to boot. Technically, and for domestic purposes, Galt doubtless had no 'pecuniary interest', at the finish of the race.

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where Russell gained immense applause by getting on top of the seat, and making an election speech.

Every conceivable trap was on the road from the coster monger's donkey cart to the aristocratic four-in-hand. We were constantly passing broken down vehicles; no compassion or mercy was shown to the unfortunates, who were at once bundled out of the way to shift how they best could. We had good horses and stout carriages and met with no accident, but it took us five hours to get home, sixteen miles, and tired and glad we were to reach our hotel, and pretty looking objects we were, covered with dust and plentifully pelted with flour, making us look like millers.

Altogether it was a wonderful thing from beginning to end, and I would not have missed it for a good deal, though I do not know I should do it again. I send you the account in the *Times*, but I hope you will like my own description better.

A. T. G.

London, 3rd June, 1865.

I wrote you a very long letter by last Canadian mail with account of the Derby. I have therefore only now to chronicle the events of two days. First, as regards our business, it is approaching a termination, which I think will in some respects cause disappointment, but on the whole commends itself to my judgment. I may now say with some degree of confidence that I shall sail on the 17th, for New York.

The great social event since I wrote was our dinner yesterday with the Duke and Duchess d'Aumale. We met the Prince de Joinville, the Count de Paris and the Countess, the Prince de Condé, and other distinguished people. Four Princes at once— and two Princesses. Nothing could be kinder or more considerate than the conduct of the whole party, and no one would have imagined that they were other than ordinary ladies and gentlemen.

A. T. G.

The conclusions reached were more satisfactory than some of Galt's forebodings had indicated. As to Confederation, the imperial authorities agreed that without any thought of coercion, they would use every legitimate means to secure the early assent of the Maritime Provinces. The new British Minister at Washington, Sir Frederick Bruce, was to be instructed to urge renewal of the Reciprocity Treaty, acting in concert with the Cana-

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dian government. An agreement was reached to make over to Canada all the British territory east of the Rockies and north of the United States, subject to such compensation to the Hudson's Bay Company as should later be found warranted.

The settlement of the defence question was the crux of the whole discussion. In the past session it had repeatedly been debated in the British parliament. The ending of the Civil War, the friction which still existed between Britain and the States, and the publication of a report by Colonel Jervois which made clear the utter defencelessness of Canada in case of war, kept the issue alive. The discussion was less acrimonious than in previous years, but though expressions of willingness to attempt to defend Canada against invasion were more frequent, the feeling that it could not be defended was still dominant. It was recognized that the greater part of the frontier could not be defended, but in order to provide rallying-points for the troops the British Government now proposed to spend £50,000 a year on fortifying Quebec, leaving it to the province to fortify Montreal and the communications westward.

In the preliminary interviews with the Colonial Secretary, Galt made clear the attitude of the Canadian ministers. They had been prepared to assent to the proposal of the British Government to postpone the settlement of the relative burdens of defence until after Confederation, but the emergency created by the border raids and the possibility, owing to New Brunswick's attitude, of some delay in achieving Confederation, had made them determine to seek an earlier settlement. They were quite prepared to admit that Canada might now assume a larger share of responsibility for her own defence: "the desire and belief of Canada was, in seeking a union, not in any way to weaken the connection with the Mother Country, but rather to remove those causes which now afforded

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many parties in England arguments for asserting that the connection was mutually disadvantageous." Whether the intentions of the United States were amicable or not, it was felt safer to make adequate preparations which might prove unnecessary rather than run the risk of frightful calamity. In this belief, they doubted whether the defensive works suggested by Colonel Jervois would meet the situation adequately; before they were completed, war would have blown over or have been fought through. Increase of the regular forces, calling out the militia, preparation of supplies of munitions, defence for the inland waters, and a change in the character of the squadrons on the Atlantic coast in view of American ironclad progress, were among the measures suggested. As to the expense, he suggested that the extra cost of maintaining the regular forces in Canada, the expenditure on the militia, fortifications and munitions would be borne equally by Canada and by Great Britain. The battlefield would be local but the cause was imperial. In the opinion of the government, further, the construction of the Intercolonial and the improvement of the canals were essentially works of military defence, but in view of the fact that they also had a commercial purpose, the expense should be borne wholly by the province.¹²

In the formal discussion between the committees of the two Cabinets in the following month, a plan for the defence of Canada, prepared by a special Defence Commission, was taken as the basis of arrangement. The attitude of the Canadian delegates, and the agreement reached, may most concisely be quoted from their official report:—

"We expressed the earnest wish of the people of Canada to perpetuate the happy existing connection with Great Britain, and their entire willingness to contribute to the defence of the Empire their full quota, according to their ability of men and money. But we pointed out that if war should ever unhappily arise between

¹²Unofficial and confidential memorandum of interview with Mr. Cardwell, April 26, 1865.

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England and the United States, it could only be an Imperial war, on Imperial grounds—that our country alone would be exposed to the horrors of invasion—and that our exposed position, far from entailing on us unusual burdens, should on the contrary secure for us the special and generous consideration of the Imperial Government. We explained, moreover, that though Canada continued to progress steadily and rapidly, it was a vast country, sparsely populated—that the difficulties of first settlement were hardly yet overcome—that the profits of our annual industry were to be found not in floating wealth, but in the increased value of our farms and mines—and that, at this moment especially from the failure of successive crops, the effects of the American civil war on our commercial relations, and the feeling of insecurity as to our position, (greatly aggravated by statements of the defencelessness of the country in the British Parliament, and by portions of the British press)—Canada was laboring under a temporary but serious depression. We pointed out that, while fully recognizing the necessity, and prepared to provide for such a system of defence as would restore confidence in our future at home and abroad, the best ultimate defence for British America was to be found in the increase of her population as rapidly as possible, and the husbanding of our resources to that end; and without claiming it as a right, we ventured to suggest that, by enabling us to throw open the north-western territories to free settlement, and by aiding us in enlarging our canals and prosecuting internal productive works, and by promoting an extensive plan of emigration from Europe into unsettled portions of our domain—permanent security would be more quickly and surely and economically secured than by any other means. We did not fail to point out how this might be done without cost or risk to the British exchequer, and how greatly it would lighten the new burden of defence proposed to be assumed at a moment of depression by the people of Canada.

Much discussion ensued on all these points, and the result arrived at was, that if the people of Canada undertook the works of defence at and west of Montreal, and agreed to expend in training their militia, until the union of all the Provinces was determined, a sum not less than is now expended annually for that service, Her Majesty's Government would complete the fortifications at Quebec, provide the whole armament for all the works, guarantee a loan for the sum necessary to construct the works undertaken by Canada, and, in the event of war, undertake the defence of every portion of Canada with all the resources of the Empire."¹³

¹³Jour. Leg. Coun., vol. XXV, 1865, pp. 19-20.

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The conclusions reached on the defence question were alone sufficiently important to warrant the Conference. The discussions were much more amicable than in 1862; Canadian authorities were now willing to recognize more freely their responsibilities, while the British on their part had come to recognize that if the danger was Canada's the quarrel was theirs. In addition, as Galt's private letters note, the widespread feeling in England that Confederation was merely a prelude to separation smoothed the path; why dispute about the terms of a partnership that was soon to end? The discussion is notable, also, for the first appearance of the argument that the railway and general development of the country should be counted as a contribution to military preparedness—an argument which long did duty in Canadian discussion, which later fell into some disrepute and which received a new endorsement from the lessons of the great European war.

When the ministers returned to Canada late in June, the most pressing question that awaited them was not war with the United States, but trade with that country. They had hoped against hope that Washington would take no step to bring the reciprocity agreement to an end. Now that hope was shattered, and scarcely nine months remained before the treaty would expire. As a preliminary step, Galt and Howland made a visit to Washington in July to confer with the new British ambassador, Sir Frederick Bruce. They came back with the conviction that it would be no easy task to secure the continuance of the agreement. Resentment of war policy, protectionist feeling, revenue needs, all had united Congress in a resolution to put up the bars against the provinces.

Opinion in Canada was unanimous as to the benefits reciprocity had brought, and people and government alike were willing to go great lengths to preserve these benefits. Not all lengths, however, for they believed that the

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United States had reaped equal advantage, and they would prefer to look elsewhere if Washington's terms proved exorbitant. At this juncture the British authorities, on representations of Canada and of Nova Scotia as to the desirability of consulting them in any negotiations to renew the treaty, suggested a means by which the scattered provinces could co-operate alike in seeking an arrangement with the United States, and, in default of this, in seeking some other outlet for trade. In accordance with this suggestion, a Confederate Council on Commercial Treaties, containing delegates from all the provinces, and presided over by the Governor-General, was organized in August, 1865. Galt and Brown represented Canada, Macdonald and Cartier attending as courtesy members, with Ritchie from Nova Scotia, Wilmot from New Brunswick, Shea from Newfoundland, and Pope from Prince Edward Island. The Council met in September, and drew up certain unanimous resolutions. They advocated seeking a renewal of the treaty with the United States, with any reasonable modifications; failing this, intercolonial trade should be extended, and efforts made to find markets in the West Indies and Latin America. It was also urged that an extension of the treaty should be sought to permit further negotiation, and that a committee of the Council should co-operate with the British ambassador if negotiations were opened.

Shortly after this meeting, Galt carried on a confidential correspondence with David A. Wells, then Commissioner of Inland Revenue at Washington, and a man much after his own heart in breadth of view and lucidity of expression. Wells was much more inclined to liberal trade relations than were the interests dominant in Congress. He suggested that Galt should send him in confidence an outline of what Canada would be prepared to do. The cabinet, on considering the suggestion, deemed it more prudent to carry on the negotiations verbally, and author-

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ized Galt to go to New York and if need be to Washington to sound the American authorities. Howland was prevented by other engagements from going, and Brown had just left on a mission to New Brunswick.

In several interviews in New York, Galt and Wells reached a wide measure of agreement. Wells wrote to the Secretary of the Treasury, McCulloch, recommending an extension of the treaty, pending negotiations, and urged Galt to see McCulloch personally. Galt accordingly went on to Washington, and after discussing the question with Sir Frederick Bruce, had several interviews with McCulloch, at the first of which Senator Morrill, the framer of the preposterously high tariff of 1864, was present. McCulloch made it clear that a renewal of the treaty was out of the question, and suggested that all essential ends could be secured by reciprocal legislation. Galt strongly combatted this view, urging the difficulty of inducing six separate legislatures to pass the required measures, and the impossibility of covering the fisheries and navigation matters except by treaty. McCulloch was immovable, however, and Secretary Seward took the same stand. "Mr. Seward," Galt reported to the Canadian cabinet, "in the most emphatic terms declared his belief that no new treaty could be carried, entering into explanations which cannot properly be made public as to why the government could not recommend it. He expressed himself in a very friendly manner toward Canada, and recommended that when the Committees of Congress were organized I should see the Chairmen of those on Finance." Galt reported these interviews to Bruce, who strongly concurred in the policy suggested.

Upon his return to Canada, Galt submitted to the cabinet, on December 18, a memorandum embodying his conclusions. He recommended that in case the United States continued to refuse to consider a treaty, reciprocal legislation should be adopted, and that the arrangement should

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include reciprocity in natural products, manufactures and shipping, subject to the same terms being given other countries as were given the United States, reciprocal navigation and coasting rights, canal enlargement, and assimilation of excise and customs duties on spirits and tobacco, which were easily smuggled. He suggested that in any case a temporary extension of the treaty should be sought. In the Council, Brown raised strong objections to these proposals. He attacked Galt for entering upon negotiations without his assent and without consulting the Maritime Provinces, declared that the concessions outlined were extravagant, and especially denounced the proposal for reciprocal legislation which would leave Canada dependent from year to year on the whim of Congress. To meet his wishes, Galt agreed to submit a second memorandum, emphasizing the need of extending the treaty until such time as the new federal parliament could act, and assuring the Maritime Provinces that the independent action of Canada did not arise from any intention to take a separate course but merely from the emergencies of the situation. He recommended that the negotiations at Washington should be continued, with Howland and himself as delegates. These proposals were adopted by the Cabinet, with the sole but important exception, as will be noted later, of George Brown.

On January 1, 1866, Galt and Howland, accompanied by Henry of Nova Scotia and Smith of New Brunswick, went once more to Washington. They found the leaders of Congress much less open to reason than the administration officials. A farcical free list—millstones, rags, gypsum, firewood—high duties on all the other articles hitherto free, and free admission of the United States to the fishery privileges, were the cool proposals put forward. Under these circumstances there was nothing to do but to accept the plain hint that no agreement was wanted and to reject the offer. The delegates returned to

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Canada, where their course was everywhere approved, and on March 31 the treaty lapsed. Writing to Lord Monck, February 19, 1866, the British minister at Washington, Sir Frederick Bruce, singles out Galt's services: "Mr. Galt's knowledge, ability and fair spirit made a very favorable impression on the members of the Committee and the Secretary of the Treasury."

Reciprocity had brought prosperity; its rejection clinched Confederation. The provinces were perforce driven back upon themselves, forced to seek east and west a substitute for the trade north and south which high duties checked. "The provinces," declared George Brown some years later, "believed in the practical good sense of the United States people, especially with such a balance-sheet to look back upon as the results of the treaty of 1854 present. They assumed that there were matters existing in 1865-6 to trouble the spirit of American statesmen for the moment, and they waited patiently for the sober second thought which was very long in coming, but in the meantime Canada played a good neighbor's part, and incidentally served her own ends, by continuing to grant the United States most of the privileges which had been given under the treaty—free navigation and free goods, and, subject to a license fee, access to the fisheries."¹⁴

The endeavor to find an alternative market to the south came to little. A Commission was duly despatched to the West Indies, Brazil and Mexico, in January, 1866. It brought back much information, but little achievement. Confederation plans and Fenian raids crowded its proceedings off the stage, and it left little net results save to advance a step further the policy of Canadian self-government in fiscal relations. Galt's instructions to the Commissioners, according to Lord Monck, aroused the suspicions of the Foreign Office, "indicating an intention of negotiating with foreign countries independently of Eng-

¹⁴Memoir on Proposed Reciprocity Treaty, 1874.

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land." Writing from England, Monck suggested a modification of the instructions. Apparently, however, Galt stuck to his guns, but the Foreign Office also stuck to its weapons, for when the Commissioners sailed they found reason for believing, according to William McDougall, the chief of the Canadian delegation, that "the despatches which I carried were not the only despatches sent to those governments and to those colonies."¹⁵

The other question of most importance in the Finance Minister's field was the determination of fiscal policy. It had been intended to postpone any radical revision of existing policy until after Confederation, but the abrogation of the Reciprocity Treaty made it necessary to face the question in the budget of June, 1866. The marked feature of the policy which Galt then announced, in one of his most lucid and forceful financial speeches, was a direct reversal of the former tendency toward protection. Many causes co-operated to this end. Canada, Galt declared, must now choose between two systems, the American and the English or European:—

"If we take the United States' system of protective duties, of protecting every branch of industry, we shall, to a certain extent, assimilate our system with theirs—a course which I do not think the people of this country would approve. (Hear, hear.) On the other hand, if we adopt what I have called the European system—because the policy of England is now being generally adopted by other European countries—if we adopt that system as opposed to the American system, then I think we shall stand in the position of offering to the people and the capital, which for various causes are now seeking new homes and employment, a country possessing more advantages than any other on this continent. I do not believe that the United States can continue for any great length of time to absorb the redundant population of Europe, subject as they are to very high rates of taxation. If on the other hand we in Canada, or, I would rather say, in British North America, are able to offer those people land of equal fertility, and at least equal security for

¹⁵Canadian Hansard, April 21, 1882.

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life and property, and if at the same time we can show them that every article that enters into ordinary consumption can be bought very much cheaper here than in the United States, I think we may reasonably hope to be able to attract to our shores much of that immigration which of recent years has swelled more than anything else the wealth and prosperity of the neighbouring Republic. We are entering on a new state of political existence. If there is any prominent feature in the future we have designed for ourselves, it is the establishment of a separate and distinct nationality; and this can only be accomplished in one way. If we are in every respect to copy the policy of our neighbours across the line of 45, the natural course would be to become one with them. But if, on the other hand, we believe, as we do all believe, that the continent of North America is sufficiently extensive for two nations, two empires, then it is time that, taking lessons from those great authorities on political economy who have shed light on the commercial transactions of Europe during the last few years, we should endeavour so to adjust our system that we may be able to invite immigrants here, telling them that this is a better country, and governed by wiser principles, than the country along our borders."

At the same time, Galt continued, a reduction in duties would meet the Lower Provinces half way, and would improve relations with the Mother Country. He therefore proposed to reduce the duty on all manufactured goods in the twenty per cent schedule to fifteen, and to make entirely free the semi-manufactured goods formerly taxed ten per cent. To meet the consequent loss in revenue and to provide for the military expenditures occasioned by the Fenian raids, excise duties, especially on spirits, were materially raised. He continued:

"The policy of this country has been to make every article of natural production imported into the Province free, and for revenue purposes to impose duties on all those manufactured articles which it was thought were able to bear the burden, affording at the same time an incidental amount of protection to our own manufactures. Now, we propose to decrease the duties on the largest class of manufactured goods entering the country. . . .

It is in the belief that that reduction is one that will tend to develop and enlarge our trade with England, that it will also cheapen the cost of manufactured goods to every consumer in the

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country, that it will benefit the farmer who buys largely of iron and other goods to carry on farming operations, the manufacturer who is interested in obtaining cheaply the materials that enter into his manufactures, and the mechanic whose interests lie in obtaining cheaply the clothing and other goods he consumes; it is in the belief that these advantages will all flow from it, and that the people of the country will be greatly relieved by taking some of the burden off the articles they consume, that the Government venture to propose the reduction to the Committee."

The policy thus outlined, and adopted without serious dissent from either side of the House, was to remain the basis of the Canadian fiscal system for a decade, until, in fact, the commercial depression of the seventies had persuaded the people to try the 'American' rather than the 'European' panacea.

The other important financial measure of this period was the revival of the provincial note issue plan. Yearly deficits and the failure of the Bank of Upper Canada, which had been the Government bank, had seriously embarrassed the finances of the province, and it was found difficult to float debentures in London even at eight per cent. Galt, therefore, decided to revive his 1859 proposal, to give the province a monopoly or at least a share of the note issue. His proposals were strongly fought by the western banks, but upheld by the Bank of Montreal, then under charge of the most striking figure in Canadian banking history, E. H. King, and with which, since 1864, the Government had kept its account. In the modified form which resulted from parliamentary debate and financial pressure, the measure as passed in 1866 provided for an issue of \$5,000,000 provincial notes, redeemable in specie, and secured partly by specie and partly by government debentures. The banks were not required to surrender their privilege of note issue, but inducements were offered to them to do so, in the form of a remission of the tax on circulation and the payment of interest on the circulation withdrawn until the expiry of the bank charters.

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Only one bank, the Bank of Montreal, at once took advantage of the offer; it had over two millions locked up in advances to the government and in provincial debentures, and was delighted to be able to convert these credits into provincial notes. In addition, it received a commission of one per cent on all outstanding provincial notes for its services of issue and redemption. The other banks were induced to keep a quantity of the provincial legal tenders on hand, by pressure, in some cases, from the Bank of Montreal, which otherwise insisted on settlement in cash in every town. Gradually, the convenience of the provincial notes as reserves led all the banks to adopt them in large measure instead of specie reserves, and thus the practice which prevailed for nearly fifty years of leaving it mainly to the government to provide the gold reserves needed for the country became established. The process was not without friction; for the moment both Galt and King were highly unpopular in western banking circles, though this feeling soon wore away.

The coalition of 1864 had been formed in a spirit of exaltation above ordinary ambitions and political or personal rivalries. The spirit could not last forever, and soon the partnership between Brown and his former opponents showed signs of strain. When on July 30, 1865, Sir Etienne Taché died, full of years and honoured of all men, Lord Monck asked Macdonald to form a new government. Brown at once demurred, pointing out, with some force, that this meant a complete change of the conditions under which he had entered office. The government hitherto had been a coalition of three parties, each represented by an active leader, Macdonald, Cartier and himself, but acting under a chief who had the confidence of all. He contended that the proper course was to select a nominal head to succeed Sir Etienne Taché. In this course he was backed by his Reform colleagues, Howland

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and McDougall, and Macdonald perforce gave way. Sir Narcisse Belleau, a somewhat pompous mediocrity, was chosen to fill the post of premier, and the cabinet was patched up once more.

On the next occasion of dispute, Brown stood on much less favorable ground, and failed to carry even his Reform colleagues with him. It has been seen that he protested against Galt's policy with reference to Reciprocity. Doubtless the protest rested in great measure on honest conviction. He distrusted the method of reciprocal legislation as unstable and unsettling. Yet, as the discussion proved, he himself was willing to assent to this procedure if by no other means could agreement be effected. This was precisely Galt's position, but from his knowledge of Washington he appreciated better than Brown the difficulties in the way of effecting agreement on any other lines, or even on these lines. When, nine years later, and with Civil War memories and bitterness fading, Brown himself sought to arrange a reciprocity agreement at Washington, he came to understand more fully the difficulties which the rampant protectionism and provincial isolation of the United States and the lack of co-operation between the executive and the legislature put in the way of negotiations. He had not learned this lesson in 1865, and, accordingly, on December 19, he placed his resignation in the premier's hands. Mr. Howland, after consulting his party friends, decided to remain in office, and the vacant seat was filled by the appointment of Mr. Fergusson Blair.

It was plain, however, that the Reciprocity policy was only the occasion, not the cause of Brown's retirement from the ministry. The real motive was the galling sense that his accession to it had only strengthened the position of his old rival, Macdonald, and that he had not himself secured the place either in the cabinet councils or in the country's attention which his abilities and his services warranted. The old bitterness which had threatened to

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turn Upper Canada politics into a bear garden, remained on both sides. Nor was it toward Macdonald alone that Brown was antagonistic. He was intensely jealous of Galt as well, largely because to Galt fell the control of all the financial and commercial measures in which with some justice Brown believed he himself would have found his most fitting field of activity.¹⁶

It was an unfortunate sequel to a splendid beginning. Yet from that beginning it had been inevitable. Brown by his offer of co-operation in June, 1864, had served his country well but his own ambitions ill. It was not merely that by meeting Upper Canada's demand for fair representations in general and mastery in local issues, Confederation robbed Brown of his most effective campaign cry, He was too true a patriot to let this weigh against his country's gain. His real grievance was that his magnanimous act had given his bitterest rival a new lease of political life. Under the old conditions, Macdonald had nearly reached the end of his tether. His policy of personal adjustment had been played out. Now, by adding new factors to the game, new provinces each presenting opportunities of personal alliance and party combinations, Brown had done his part toward giving his rival precisely

¹⁶A. T. G. to his wife.

Ottawa, 21st Dec., 1865.

I have just received yours of yesterday. I need not tell you how happy I should be to go home, but it is simply impossible. I have so much work, and it is also necessary for me to remain here with Macdonald until our arrangements are made for filling the vacancy procured by Brown's retirement.

It is a great relief to me that he is gone, he was absurdly jealous, opposing every thing I brought up, so that my patience has really surprised me. His resignation really occurred on the question of whether his policy or mine should prevail on the Reciprocity question, and the Council unanimously approved of my views, his own friend and follower Howland refusing to go with him. He was very much mortified at this and at Howland and not he being selected to go with me to Washington, and he finally resigned.

We do not anticipate much trouble from this, as we think his party will not support his views, but a day or two will show, and I must stay here till Saturday.

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the field in which his talents could best be displayed. By separating the Upper from the Lower Canada Liberals on entering the Cabinet, he had already weakened his natural allies and strengthened Cartier. Now he had strengthened Macdonald. When Brown was bustling about at Charlottetown, making eloquent addresses on public issues and glowing with anticipations of the prospects the future held for his country and for himself, his rival, no less keenly ambitious but more shrewd, was quietly sizing up the Maritime Province delegate and making an offensive and defensive alliance with Tupper which was to last their lives out. Macdonald played his great and necessary part in the achieving of Confederation, but certainly it was one of the greatest ironies of politics that the very men who had opposed the Confederation scheme to the last were those who profited most, politically, from its success. Barely a day before the coalition which was to carry Confederation was formed, three men had stood out against the proposal to consider a federal solution for Canada's ills. One of these three, John A. Macdonald, became the first premier of the confederated Canada, and a second, John Sandfield Macdonald, became the first premier of Ontario.

Some eight months later, in August, 1866, Galt himself withdrew from the ministry. His resignation was due, not to any thwarted ambition or any serious difference of opinion with his colleagues, but to a point of honour. As the representative of the English-speaking minority in Lower Canada, he had pledged himself to a certain course, and, when this became impossible, he determined to retire from office.

No question had aroused so much concern among the English-speaking citizens of Lower Canada as that of the powers and fate of their schools. Under the law of 1846 any dissentient minority in Lower Canada had the right to establish a separate school to which its taxes should be

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assigned. This system had worked well, but many feared that with an overwhelming French and Catholic majority in control of the new local legislature, there might be danger that the existing privileges would be lessened. To assure protection for the minority, Galt had insisted upon qualifying the powers as to education which, under the Quebec Resolutions, were to be assigned the provincial governments: "education; saving the rights and privileges which the Protestant or Catholic minority in both Canadas may possess as to their Denominational Schools, at the time when the Union goes into effect." But this was not enough: the minority wished to extend their existing privileges. In his address at Sherbrooke in November, 1864, Galt had declared:

There had been grave difficulties surrounding the separate school question in Upper Canada, but they were all settled now, and with regard to the separate school system of Lower Canada, he was authorized by his colleagues to say that it was the determination of the Government to bring down a measure for the amendment of the school laws before the Confederation was allowed to go into force. [Loud cheers.] He made this statement because, as the clause was worded in the printed resolutions, it would appear that the school law, as it at present existed, was to be continued. Attention had, however, been drawn in Conference to the fact that the school law, as it existed in Lower Canada, required amendment, but no action was taken there as to its alteration, because he hardly felt himself competent to draw up the amendments required; and it was far better that the mind of the British population of Lower Canada should be brought to bear on the subject and that the Government might hear what they had to say, so that all the amendments required in the law might be made in a bill to be submitted to parliament.

In accordance with his promise, the government, in the last session of the old parliament of Canada, brought down a bill extending and confirming the school privileges of the Lower Canada minority. The changes were chiefly in the direction of setting up independent administrative machinery and providing for separate control in second-

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ary as well as elementary education. All was going well, and a large majority from both sections of the province was assured, when suddenly the situation was complicated by the demand of the Catholic authorities that a similar bill should be passed in behalf of the minority in Upper Canada. A bill to effect this was introduced by a private member, Mr. Bell of Lanark, and received the support of Macdonald, though not of any other of the Upper Canada ministers. This demand was greeted with a storm of denunciation from Upper Canada. The critics of the new measure denied that there was any parallel between the denominational schools of the majority in Lower Canada from which the minority sought exemption, and the public or national schools of Upper Canada, in which, as a matter of fact, three-fourths of the Catholic teachers and pupils of that section were still to be found. Further, the Separate School law had been thoroughly and radically revised only in 1863, and this measure, it was insisted, had been accepted as a full and final settlement.

This situation placed the government in an awkward dilemma. It was found that a large majority of the Upper Canada members would vote against the Bell measure, and that a large majority of the Lower Canada members would vote against the other bill unless the Upper Canada measure was advanced *pari passu*. It would have been possible to pass each measure by a majority drawn chiefly from the other section, but the government rightly felt that to embitter the last session of the Union Parliament by such a struggle, and to impose upon each of the new provinces, by outside votes, a school system which was to be stereotyped by the constitutional safeguards, would be a bad omen for the future. Accordingly it was decided to drop the Lower Canada bill, and thereupon the Upper Canada measure was also withdrawn.

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Galt concurred in this action, but in view of his own pledges in the matter felt it necessary to withdraw from the ministry. He writes to Mrs. Galt:

Ottawa, 7th August, 1866.

Before you receive this, you will have learned by telegraph of my resignation, or, if you have not heard, it will have been postponed. The necessity for this step arises from the position in which the Government are placed by the introduction of the U. C. school bill, which has produced so much excitement that we find it impossible to proceed with the L. C. measure. After all that has passed it is impossible for me to remain a member of the Government when this takes place, as I should be exposed to reproaches which, however unjust, would still not the less be addressed to me, of having preferred office to the securing the rights of the Protestant minority.

The difficulty has become so serious, that a total disruption of the Government seemed most probable, but I myself have suggested that my retirement will show the way. My colleagues are very reluctant, and we part on the very best terms, and with the determination to work together. Had we not taken this course, Brown would undoubtedly have carried all U. C. away from us at the next election.

I trust the course I am taking will prove to be right and in the interest of the public. I have sought to do it under the Divine guidance, and the issue is in His hands.

The Government will probably request me to carry through the financial measures in my hands, which will detain me here, but I now think the House will adjourn on Saturday and that I shall be with you that night.

A. T. G.

Speaking in the House on the same day, Galt made clear to the public the reasons for his resignation:

I am bound in all candour to say that I think the course the Government has taken is that course which the interests of the country demand, but at the same time, it is one to which I could not be a party. It is not that I am apprehensive that injurious treatment in regard to this question of education will be directed against the Protestants of Lower Canada, but it is because I have in my position in the Government and as a member of this House, taken certain ground on that question which renders it impossible

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for me to be responsible for that course. . . . At the same time it is only due to my colleagues from Lower Canada to say that they at least have not shown any disposition to recede in any way from the pledge that was given.

It is of interest to note the comment upon Galt's action made by his predecessor in retirement. Brown, following in the debate, declared that he now had the satisfaction of finding himself completely sustained in the position he had taken at the Quebec Conference, that the resolution attempting to provide guarantees for the minority was unnecessary and inexpedient; whether in Upper or in Lower Canada, the minority would be much safer trusting to the sense of right and justice of the majority than relying upon all the constitutional fetters that could be forged. He continued:

On public grounds I can only rejoice that the honourable gentleman's withdrawal from the Government has taken place. But looking at it from a personal standpoint, I rejoice that my honourable friend has come out on the ground that he could not remain in the Government with honour. When public men act in that manner they add dignity to public life and increase confidence in the public mind. . . . Whoever takes the place of my honourable friend, while he will, I may hope, have sounder views on finance, could not, I am sure, be more happy and genial in his manner of addressing the House or one with whom it would be possible to have more agreeable personal relations.

It will be seen later that an understanding was reached, honourably carried out, that the provincial legislature of the new province of Quebec would give effect to the educational changes desired, and that in the meantime further guarantees would be incorporated in the act establishing Confederation.

Though Galt had withdrawn from the ministry, it was felt imperative to have his counsel in the final drafting of the Confederation proposals now overdue. The legislatures of Nova Scotia and New Brunswick had now fallen

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into line; the one in April and the other in June, 1866, had authorized the appointment of delegates to take part in arranging with the Imperial Government the definite terms of union. These delegates had arrived in London in July, only to find that their Canadian confrères had been delayed by the Fenian disturbances, by personal indisposition, and by Lord Monck's fears that business would be hampered by the change of government in Great Britain where Russell's ministry, which had followed Palmerston's, had in turn been defeated on the franchise question and had given way to a Conservative administration in which Earl Derby was premier, Disraeli Chancellor of the Exchequer, and Lord Carnarvon Secretary of the Colonies. They were kept waiting until November, when the tardy Canadians arrived. On December 4, the London Conference was organized, meeting in the Westminster Palace Hotel, with Macdonald presiding, and in continuous sessions up to December 24 a revised draft of resolutions was drawn up and sent to the Colonial Secretary.¹⁷

In the December Conference, few material changes were made in the Quebec plan. The decision of Prince Edward Island to stay out made it necessary to divide the four Senators assigned it between the other two Maritime Provinces. Minor amendments were accepted as to the scope of the Lieutenant-Governor's pardoning power, and as to the control of fisheries, penitentiaries and the solemnization of marriages. The provincial subsidies provided were increased so as to give the Maritime Provinces a somewhat larger proportionate share, and the agreement to build the Intercolonial was made definite and binding.

¹⁷The delegates at the London Conference were as follows:

Canada: John A. Macdonald, Georges E. Cartier, W. P. Howland, W. McDougall, H. Langevin, A. T. Galt.

Nova Scotia: Charles Tupper, W. A. Henry, J. W. Ritchie, A. G. Archibald, J. McCully.

New Brunswick: S. L. Tilley, P. Mitchell, C. Fisher, R. D. Wilmot, J. M. Johnston.

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The provision safeguarding the rights of religious minorities as to education in the two Canadas was extended to all the provinces, and an additional guarantee was sought in a clause afterwards famous :

And in any province where a system of separate or dissentient schools by law obtains, or where the Legislature may thereafter adopt a system of separate or dissentient schools, an appeal shall lie to the Governor-General from the acts and decisions of the Local Authorities which affect the rights and privileges of the Protestant or Roman Catholic minority in the matter of education, and the Parliament shall have power, in the last resort, to legislate on the subject.

This clause, designed to safeguard the Protestant minority in Quebec, became in later days a guarantee, more or less effective, of the rights of Catholic minorities elsewhere. As the original records show, the draft was Galt's; the wording was slightly changed later.

The progress of the Conference may be gathered from some of the letters which Galt sent his wife; his eldest son, Elliott, it may be noted, was with him in London throughout the negotiations:

London, 13th December, 1866.

We went to Lord Carnarvon's on Tuesday afternoon, spent a pleasant day there, and returned the next morning. There were only a Mr. and Mrs. Holford and a Mr. Herbert there, the former a millionaire with nothing else to distinguish him, the latter, said to be the first fresco painter of the day. We had a long talk with Lord Carnarvon about Confederation, but no points of any material difficulty presented themselves.

A. T. G.

By the way, we had quite a little excitement the night before last. Macdonald, as usual, was reading in bed, fell asleep, set fire to his curtains, and very nearly lost his life. Luckily the fire burnt his shoulder and woke him. He displayed great presence of mind, almost entirely subduing the flames himself. After exhausting his water he awoke Cartier, and afterwards came to my room and awoke me. With the water in our rooms we put it out without causing any alarm in the house, and the burns Macdonald received have proved of no consequence.

A. T. G.

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London, 19th December, 1866.

We still continue occupied every day with the meetings of our Conference, in which we are making satisfactory progress, but with a good deal of delay, as our friends from the Maritime Provinces are excessively fond of talking, and very naturally wish to have some changes made in their interest. The Education question came up to-day and, I am thankful to say, our Canadian Delegates all stated that no change could be permitted in what we proposed on behalf of Canada, which however they might extend to the Lower Provinces if they wished. They have taken till to-morrow to decide, and I therefore hope before I close this letter to tell you that so far as the Delegates are concerned, the matter will be settled. . . .

We have hoped to close our preliminary work before Christmas, but I fear to-day that we shall not do so, and I regret also to say that from appearances I much apprehend, that I shall have to be one of those who remain to see the bill through Parliament. Macdonald cannot remain and I feel sure that he will insist on my staying, as our friend Cartier devotes himself so much to society that we do not get much work out of him—this is, however, for your own eye only. Probably Howland, Macdougall and Langevin will go back.

I may tell you as a State secret that it is most improbable Lord Monck will ever return to Canada. I am much grieved to say that such a view is taken of his conduct in the celebrated Lamirando case by the Government here, as will I think induce him to resign. Do not venture to say anything about this, but I thought you would like to know such an interesting piece of news.

Thursday p.m.

I have nothing to add to the foregoing, except that the Education question stands till to-morrow. The difficulty now is as regards the Lower Provinces, not with us in Canada.

With much love, etc. etc.,

A. T. G.

London, Dec. 28th, 1866.

I telegraphed you by the Cable on the 24th, and hope you got the message either that evening or on Xmas. I thought the good news it contained would help to cause a merry Christmas. We closed our preliminary sittings of Conference that day, and agreed unanimously on our report to Lord Carnarvon. I am very much pleased to be able to say that the Education question is all right, and has been extended to and agreed in by all the Provinces, so

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that there is now, I may say, no fear of its going wrong in the Imperial Parliament. My enemies at home will not have the satisfaction they have hoped for.

The Quebec scheme is adopted, very few alterations, and none that I regard as at all impairing it. . . .

By the way, I hope you did not forget poor little Jeff [Jefferson Davis] at Christmas. I much fear his father will yet be brought to trial.

Praying my blessing you and our dear ones at home, I remain, with much love,

Ever your devoted husband,

A. T. G.

In the conference between the delegates and the Colonial Secretary, the only important change effected was the addition of a clause empowering the Sovereign, on the recommendation of the Governor-General, to appoint one or two senators from each of the three main divisions, in order to avert a deadlock. It is amusing to read of the earnest and prolonged discussions on similar minutiae, while the broad basic fact that the senators, when appointed virtually by the federal premier, would act on party rather than on provincial or dispassionate grounds, was completely ignored.

Of more interest was the difference of opinion as to the rank and title of the new federation. The press had been rich in suggestions for many months as to the name to be adopted: Acadia and Laurentia were among the more popular suggestions, though Cabotia, Ursalia, Septentrionalia and other eccentricities had their sponsors. Finally, however, it was agreed to take the name Canada, finding new names, Ontario and Quebec, for the provinces that once had gone under that name. As to the rank and status of the union, there was also much discussion. During the London Conference it was proposed that the bold title "Kingdom of Canada" should be chosen. This was heartily accepted by the delegates, and the term was embodied in the draft of the bill. It was a splendid stroke, and would have made clear from the beginning,

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what now after half a century is only dawning on some minds, that the new nation stood upon an equality, "in status if not in stature," with the old Kingdoms of Her Majesty. Objections, however, were raised by the British Government through Lord Stanley (afterwards Lord Derby), Foreign Secretary, ostensibly out of fear of wounding the republican susceptibilities of the United States,¹⁸ but probably, it has been suggested, as much out of unwillingness to recognize the equality with Great Britain the terms implied. The ancient term 'Dominion' was substituted, and has since been hallowed by time and sacrifice.

Particularly significant is a letter written to Mrs. Galt in January, revealing the deep impression made upon Galt by the evident eagerness of London statesmen to wash their hands of Canada and foreshadowing the conclusions to which that policy was later to lead him:

London, 14th January, 1867.

With regard to matters here, there appears no difficulty as respects our measure, although we have not yet heard from the Cabinet. . . .

I am more than ever disappointed at the tone of feeling here as to the Colonies. I cannot shut my eyes to the fact that they want to get rid of us. They have a servile fear of the United States and would rather give us up than defend us, or incur the risk of war with that country. Day by day I am more oppressed with the sense of responsibility of maintaining a connection un-

¹⁸Sir John A. Macdonald to Lord Knutsford, July 18, 1889:

"A great opportunity was lost in 1867, when the Dominion was formed out of the several provinces. This remarkable event in the history of the British Empire passed almost without notice. . .

The declaration of all the B.N.A. provinces, that they desired as one Dominion to remain a portion of the Empire, showed what wise government and generous treatment would do, and should have been marked as an epoch in the history of England. This would probably have been the case had Lord Carnarvon, who as Colonial Minister had 'sat at the cradle' of the new Dominion, remained in office. His ill-omened resignation was followed by the appointment of the late Duke of Buckingham, who had as his adviser the then Governor-General, Lord Monck—both good men, certainly, but quite unable, from the constitution of their minds,

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desired here and which exposes us to such peril at home. I pray God to show me the right path. But I much doubt whether Confederation will save us from Annexation. Even Macdonald is rapidly feeling as I do. Cartier alone seems blind to what is passing around us.

They talk of conferring Colonial honours and dignities but I have no faith in this doing any good. It looks like hanging garlands on the victim going to sacrifice. I could wish myself free from all this but I feel that I am useful to my country and duty must be performed. Except Macdonald, I know none of the Delegates who really think enough of the future that is before us, and he considers that our present immediate task is to complete the Union, leaving the rest to be solved by time.

The connection between Canada and England is now one of sentiment, interest in both cases scarcely being in favor of it. Now the sentiment is becoming very weak here, and in Canada will not bear much longer the brunt of the ungenerous remarks continually made and the expression which I think will surely be brought out in the coming Debates, that she is a burden and weakness, of which they would gladly be rid. When the public mind in Canada accepts this idea, as that pervading the English mind, the connection must come to an end. Our danger is, that meantime a war might arise between England and the U. S. in which our country would grievously suffer. My doubt is whether such a risk should be encountered or promoted by me, when in my own mind I am convinced of the nature of the feeling here. The issue is, I am thankful to think, in the hands of the Allwise Governor. . . .

A. T. G.

to rise to the occasion. The Union was treated by them as if the B.N.A. Act were a private Bill uniting two or three English parishes. Had a different course been pursued—for instance, had united Canada been declared to be an auxiliary Kingdom, as it was in the Canadian draft of the Bill—I feel sure (almost) that the Australian Colonies would, ere this, have been applying to be placed in the same rank as 'The Kingdom of Canada.' . . .

P.S.—On reading the above over, I see that it will convey the impression that the change of title from Kingdom to Dominion was caused by the Duke of Buckingham. This is not so. It was made at the instance of Lord Derby, then Foreign Minister, who feared the first name would wound the sensibilities of the Yankees. . . .
—J. A. M'D."

Pope, *Memoirs of Sir John A. Macdonald*, I, p. 312-3.

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A pleasant relief from such forebodings was occasioned by the marriage of Macdonald to Miss Bernard, sister of his secretary, Colonel Bernard:

London, 10th February, 1867.

My dearest Wife:

I write these hasty lines just before I leave for home.

We have to-day married Macdonald to Miss Bernard; all went off most agreeably, the day was beautiful, and all were as happy as possible. The Bishop of Montreal performed the ceremony, and we afterwards lunched at our hotel, since which the happy pair have started for Oxford to spend two or three days. There were rather a large party, four bridesmaids—Misses Macdougall, McGee, Tupper and Archibald—and about seventy guests. I am going to take a piece of wedding cake to Elliott.

I have just come from the Colonial Office, and understand that the Queen has desired me to be presented at the private Court on the 27th. The four premiers, Macdonald, Cartier, Tupper, and Tilley, are to be then presented, and I am specially honoured by being included with them. I expect to return from France on the 24th, and trust I may sail on the 2nd March.

I enclose you a letter from Elliott.

You must excuse this short note, as I have to return to the Colonial Office immediately to see Lord Carnarvon before I leave, in case he wants anything.

I hope to see the Emperor when in Paris.

You will probably not hear from me by next Canadian mail.

With love to all our dear little ones,

I remain,

Your loving husband,

A. T. GALT.

Mrs. Galt.

The bill, as finally agreed upon, was passed by the Imperial Parliament, as Macdonald notes, with little discussion and little interest in England, but with the liveliest hope and widespread rejoicing in Canada. On July 1, 1867, the new Dominion came into being. The plan which less than ten years before had seemed a far off vision had been made a living reality by the foresight, the courage and the unselfishness of some of Canada's greatest sons,

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and by the pressure of events—"events stronger than advocacy, events stronger than men, which have come in at last like the fire behind the invisible writing to bring out the truth" and wisdom of the policy urged by the few. What the future would mean for the new nation and for the men who had labored to create it, none could forecast, but nothing that might come could dim the greatness of the achievement already won.

CHAPTER XIV

The New Nation

**Galt's Changing Interests—Last Months in Office: the "C.B.'s"—
Business Affairs—New Political Alignments—Canadian Na-
tionality—Canada and the Control of Foreign Affairs—Last
Calls to Politics.**

DURING the Union period, the activities of Galt touched on all sides the chief political and business interests of the province. It has, therefore, been necessary to review many phases of this development in some detail. After Confederation, this becomes impossible and also unnecessary. In the wider field no one man's activities could touch all sides of life, and in any event, Galt now came to occupy a different relation to the country's development.

In 1867 Galt was in his fiftieth year. The experience of the previous decade had widened his sympathies, and his knowledge of men and of affairs. The leading men from the provinces by the sea had been as strongly impressed by his easy mastery of the mysteries of finance, and by his fertility in resource and his executive capacity, as his colleagues and the public in the older sphere. It might have been expected that a long period of service in the administration of the new Dominion was about to open before him. Yet of the twenty-four years of further life which the fates had allotted him, less than one was to be spent in administrative office. Many different factors—the exigencies of his private affairs, the fortunes of his

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party, his fearless insistence upon taking up causes which lesser politicians termed unpopular and impracticable, and changes in the personal relations of the leading men with whom he had previously acted—combined to turn his energies away from administrative paths. Henceforth it was to be essentially in diplomacy rather than in executive work that his greatest public services were to be displayed.

The task of forming the first Canadian ministry was confided by Lord Monck to John A. Macdonald. His position in the existing provincial ministry and the rôle he had played in the negotiations leading up to Confederation left no room for question that this honour was justly due. His task was made difficult by the necessity, which Dunkin had foreseen, of attempting to give representation in the cabinet to all the sectional, racial, and religious interests which clamored for a hearing. After a week of deadlock, and after it had at times appeared inevitable that the task would have to be abandoned and George Brown summoned to attempt it, the self-sacrifice of Tupper and D'Arcy McGee at last made it possible to overcome these obstacles, and the ministry was formed.

Galt records the anxiety of the period:

Ottawa, 23rd June, 1867.

My dearest Wife:

I have never before had so much worry and anxiety about political arrangements, as on this occasion at Ottawa. Really it has been so absorbing that I have had no spirit even to write you, as from hour to hour I never knew what aspect things would assume, and I hoped all along to get away on Saturday.

The U. C. Liberals in the Cabinet have insisted on every sort of concession to them. Cartier has resisted and I think with good reason. McGee has been a great difficulty. . . . To help matters I offered to stand aside, but the Lower Canadians would not hear of this, and would not go in without me. The only people who have really been without reproach are the gentlemen from the

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Lower Provinces, who have done all in their power to reconcile matters.

A final proposition was made on Saturday to the Liberals and rejected by them, but at Mr. Tilley's request they have taken till to-morrow (Monday) to reconsider their decision. It was proposed to meet to-day, but I positively refused to consider such matters on Sunday and all acquiesced.

Macdonald . . . at one moment says he will go on without the Grits, the next, he says he will throw up the cards and recommend the Government to send for George Brown. Things are turning out fast, as I told you I feared would be the case, and I am so thoroughly disgusted that if it were not for the fear of deserting my friends in such a crisis, I would shake off the dust of my feet on political life.

Tom came here on Tuesday and has remained to see how things result. He will however go home to-morrow as he is tired of waiting. . . .

A. T. G.

The elections which followed in August and September of 1867 gave the new government an overwhelming majority from every province save Nova Scotia. The Government claimed to be a coalition of both the old parties. In a sense its claim was justified, though the opposition of Brown and the backbone of the Ontario Liberals and of the Rouge remnant in Quebec made it plain that the Liberal cabinet members from the older Canada had not carried their party with them. However this might be, the desire to give the new government a fair trial, the public weariness of personal and factional struggle, and, in Quebec, the influence of the Roman Catholic Church, combined to give the new premier a backing and a majority such as he had never before enjoyed.

Galt had hesitated to accept the post of Minister of Finance which both his colleagues and the public had marked as his. Years of close and unremitting attention to public business had made it impossible for him to give to his private business the attention his many scattered interests required. His brother, Thomas Galt, strongly

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urged him to stay out of office and devote himself to his own and his family's interests, at least for a time. Pressure was brought to bear upon him by his colleagues, of which the following letter from Hector Langevin may serve as an indication, and his own keen interest in political affairs determined him to forego, for the present at least, the private considerations.

Quebec, 5th April, 1867.

My dear Galt:

I have received your letter of the 1st instant, and I must add that I have read it with grief.

No one more than myself amongst your friends would regret any difficulty you might have in your private business, and I confess that I expected that it must be so with your affairs to some extent when I knew something of the position of some others of our political friends. True, it is very hard to ask a friend, such as you are, to continue to neglect his own private business and the personal and pecuniary interests of his family, in order that he may continue to attend to the public business of the country and receive the thanks? no, the ungratefulness (so to speak) of his countrymen. But, my dear Galt, you must not forget that you have with us brought about the new order of things which is soon to be inaugurated. . . .

Oh, no, my dear Galt, the country requires you, you cannot leave us now. Your services are specially required. Any one of us might leave, he would be replaced. You know perfectly well, it is not so with you. Finance Ministers are not improvised in one day. Your experience is required; allow me to say it is due to your country.

In the new government, you will not have all the detail of the government of the Province of Canada. Local matters will have fallen to the lot of others, so that the rulers of the Dominion will have more leisure comparatively, and may give to their private and personal matters much more time than we have been able to do during the last three years.

I hope your brother may have considered the matter in a broad sense, and advised you not to leave public life. Be sure that your good work for the good of the country cannot be lost and be detrimental to you. Providence will help you in your public career, and will not allow that, by your attending to your duty as a public

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man, those that depend on you for their present and future wants should be the losers thereby.

Wishing most sincerely to hear from you soon that you yield to our remonstrances and earnest requests, I remain,

My dear Galt,

Yours very truly,

HECTOR LANGEVIN.

Once more in office, Galt gave himself with energy to the task of organizing the new Dominion's finances. For the most part, the administrative machinery of the old province of Canada was preserved, but the work of adjusting the relations of the Dominion to the old provinces and of the new provinces of Ontario and Quebec to each other, in the matter of debts, property and accounts, was one which called for all his industry and his diplomacy.

The routine of these administrative duties was soon interrupted by dissensions as to what a friend termed the 'double plague of C.B.'s'—the grant of the distinction of Companion of the Bath, and the suspension of the Commercial Bank.

On the first of July, when the new Dominion was proclaimed, Lord Monck announced that the Queen had been graciously pleased to confer the honour of Knight Commander of the Bath upon Macdonald, and the honour of Companion of the Bath upon Cartier, Galt, Tilley, Tupper, Howland and McDougall. Up to this period titles and royal distinctions had been rarely bestowed upon colonists, and in those days, as in these, there was a wide difference of opinion as to the advisability of the practice. Assuming that such honours were ever to be conferred, however, there could be no question that the achievement of Confederation was an occasion which called for a generous outpouring. None of the men so honoured was troubled by any democratic scruples. Macdonald, Cartier and Galt had previously declined a proffered distinction, on the

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ground simply of its inadequacy.¹ The difficulty lay in the discrimination shown in favour of Macdonald as against Cartier and Galt. Beyond question, they had taken at least as important a part in the achievement of Confederation. Without Cartier's aid it would have been impossible to swing Lower Canada into line, and in promising that aid he had risked more than any other Canadian public man. Galt's services, in first bringing the issue within the field of practical politics, in bringing Cartier into sympathy, and in helping to frame the terms of the union, were equally known to all men—except apparently, to Lord Monck and the Duke of Buckingham, then Colonial Secretary. The discrimination was especially stupid in the case of Cartier, since the inferior distinction was taken by his fellow citizens from Quebec as a slight upon his province and his race.

At first Galt was prepared to accept the proffered honor, though without much enthusiasm:—

Ottawa, 1st July, 1867.

My dearest Wife:

You will have learned by my telegram that I have been made a Companion of the Bath, an honor which I hope you will appreciate. The Governor, after having been sworn in, said that he had the pleasure to announce that Her Majesty had been pleased to make Macdonald a K.C.B., that is a Knight Commander of the Bath, and Cartier, Howland, Macdougall, Tilley, Tupper and myself Companions of the Bath. Of course this is intended as a distinction, and no doubt it is, though I confess I do not attach much importance to it. The honour conferred on Macdonald is no doubt a worthy one and deserved. . . .

A. T. GALT.

¹This fact had doubtless been overlooked or forgotten in the Colonial Office. "I must, however, remark," writes Galt to Monck, Sept. 19, 1867, "that it can scarcely be expected that I would be gratified to have now in 1867 that precise distinction which in common with Sir John Macdonald, and Mr. Cartier, I declined as inadequate in 1860"—on the occasion of the visit of the Prince of Wales.

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When, however, he found that Cartier had determined not to accept, he felt bound to take the same course:—

My dearest Wife:

Ottawa, 2nd July, 1867.

I was sworn in yesterday as Finance Minister, so my public labours have again commenced.

The announcement of the honors yesterday has caused trouble. Cartier will not accept, and his refusal will necessarily involve mine, as I cannot accept that which he declines without either declaring that I think he is wrong, which I do not, or that his services have been more important than my own, a position of inferiority that I cannot voluntarily assume.

It is an ungracious and most unusual thing to refuse an honor publicly conferred, but if Lord Monck is an ass, I cannot help it. We have a good many elements of trouble among us, and this affair will not diminish them.

Of course you will say nothing about this.

Love to all our dear ones.

Your loving husband,

A. T. GALT.

The further procedure of the authorities concerned was of a piece with their original blunder. As there was no precedent for a removal from the Companionship of the Bath except by striking names off its roll, a step taken only in case of disgraceful conduct, it was proposed to accede to the request of Cartier and Galt by cancelling the warrant and issuing a notification omitting both names. Galt immediately, and Cartier a fortnight later, acquiesced in this course, provided that the notification in the Gazette stated expressly that their names were omitted by their own desire. Unfortunately the Duke of Buckingham, without waiting to hear whether the course he proposed would be acceptable, instructed it to be carried out.² On Sir Edward Watkin's and Tupper's initiative,

²The matter inevitably came before parliament, and in 1868 a Select Committee was appointed to consider it. The unanimous Report submitted by this Committee in the same session strongly endorsed the course taken by Cartier and Galt, and criticized the Colonial Office for its mishandling. The Committee consisted of Messrs. Cameron (Peel), Campbell, Dunkin, Grey, Casault, Parker and Chauveau.

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the slight was remedied, so far as Cartier was concerned, by conferring a baronetcy on him; this only made matters worse in Galt's case, but slightly over a year later the grant of K.C.M.G., under circumstances which will require attention, cleared up the difficulty so far as it could be done. So far only, for in both Cartier's and Galt's minds the incident rankled, and though Macdonald stated that he had had no previous intimation of Monck's intention, the old friendly feelings among the three were never again the same.* "Toys! you call these decorations toys!" exclaimed Napoleon, "It is with such toys you govern men!"

More serious in itself was the Commercial Bank episode. This bank, which had its headquarters at Kingston, had long been the chief western competitor of the Bank of Upper Canada, and with the downfall of its rival in 1866 it was left alone. But its triumph was fleeting. Its own management had been reckless, and heavy losses had been incurred. With a capital of \$4,000,000, it had to face losses of \$1,100,000 on the last ten years' business, nearly one-fourth absorbed by one director who was insolvent when his account was opened. This might have been overcome had it not been for an unwise loan made to the Detroit and Milwaukee Railway, which was sup-

*A typical letter of Cartier's may be noted:—

Ottawa, 24th January, 1868.

My dear Galt,

Thanks for your last from Sherbrooke. The matter of C.B. stands now as follows: Yesterday I sent to Lord Monck my letter of remonstrance. It is a little long, otherwise I would have copied it for you. But as I expect to see you soon, I will show it to you then. I think you will like it. In my opinion, it is, as it is said in common parlance, a *poser*. Lord Monck, the Duke and our co-honored friends will not like it. I took as much as possible grievances or arguments different from yours. So our two letters will be strong and a hard thing to digest for Lord Monck and the Duke. Lord Monck has sent me this morning a short letter to tell me that he will send copy of my letter to the Duke, and in his letter Lord Monck acknowledges his mistake and regrets his not having informed me before the 1st of July of the announcement he intended to make on that day. I see that he feels very uneasy. I will show you his letters.

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posed, but without ground, to be guaranteed by the Great Western. After long litigation, the bank took \$1,770,000 of the railway's bonds in settlement of its claim, but even then its directors, instead of realizing on the bonds, determined to hold them for a rise above their current value of fifty cents on the dollar. At the annual meeting in June, 1867, new directors took hold, and it was proposed to reduce the capital stock by a million. This suggestion, and the shaking of faith by the failure of the Bank of Upper Canada, led to a quiet but steady withdrawal of deposits, and the directors looked about for aid.

About the middle of September, L. H. Holton, who with Hugh Allan and others had recently taken hold of the Bank's affairs, sought out Galt to inquire whether the government could come to its assistance. Galt, who was himself a considerable shareholder, thought that it could not, on the ground both of doubt as to authority and of the danger of creating a precedent. He urged applying to the other banks for aid. At the desire of the directors and especially of the president, Richard Cartwright, Galt sought Cartier's and Macdonald's advice, but found them still more strongly of the same opinion. He then used his good offices with the Bank of Montreal to secure an advance of some \$300,000 on a deposit of selected Commercial paper, and in the absence of Mr. King, the Montreal manager, R. B. Angus, readily agreed. Galt heard nothing further for a month, when Cartwright and Holton again sought him out. An examination of the Bank's affairs by Mr. Holton, Mr. Allan and Mr. Morris gave ground for believing that the embarrassment of the bank was only temporary, and that a limited advance would tide it over. This advance the Bank of Montreal declined to give. Galt then determined, in view of the imminent danger of a general panic, to recommend to the government to give assistance to the extent of half a million, and went to Ottawa to make the suggestion in person. Both

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Macdonald and Cartier still objected, and no meeting of Council was called. At their suggestion Galt returned to Montreal to see if assistance could be secured from the other banks. Representatives of the Western banks came down to Montreal, and on October 21 a plan was worked out which it was believed would avert a crisis. Unfortunately the head officers of the western banks refused to sanction the plan. Galt then telegraphed Macdonald that all other efforts had failed, and desired a decision from the cabinet before morning. At two in the morning the answer arrived:

"Ottawa, 21st Oct., 1867.

To Hon. A. T. Galt,—

Private.—Council met and considered your telegrams. Information as to condition of Bank, character of security offered, and reasons why other Banks declined to help, insufficient to warrant any action by Government.

(Signed) JNO. A. MACDONALD."

On the morning of the 22nd, the Commercial Bank closed its doors. A serious run began on other western banks, and after a week's growing panic the government determined, if necessary, to come to their assistance. Fortunately nothing further was required than an assurance of readiness by the government, and, under pressure, by the Bank of Montreal, to accept all notes at par. The panic soon subsided. The liquidation of the Commercial Bank's assets confirmed the belief that timely assistance might have averted disaster. Eventually all depositors' and note-holders' claims were met in full, and the shareholders saved something from disaster by effecting a sale of the bank's remaining assets to the Merchants Bank on a basis of one Merchants share for three Commercial.

As the commercial storm died down, the political agitation increased. In consequence of the currency legislation of the previous session, neither Galt nor King was popular in Ontario banking circles. During the recent panic, a misconstruction of King's orders had led to a

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refusal by Bank of Montreal managers at several centres to receive the bills of one of the weaker banks, a course which seriously increased the danger. It was not surprising, then, that a popular rumor arose that the Commercial Bank had been driven to its doom by a conspiracy between King and Galt to remove one more rival from the path of the Bank of Montreal's unrestrained ambition. This preposterous cry was easily refuted, but Galt felt more keenly the failure of his own colleagues to stand by him.

Dealing with the first point, in a speech in the House on December 12, he declared:

"I may add a word in regard to the extraordinary impression which seems to have prevailed in the public mind, in respect to the causes of that panic—an impression founded on the imputation that the Finance Minister of the country and the manager of the largest Bank in the country desired and deliberately attempted to bring about the ruin of one of the largest and most influential banking institutions in Canada, and to plunge the country into all the misery of a great commercial disaster. As far as the Finance Minister was concerned, I think he would have shown himself a fitting inmate for a lunatic asylum, if, a few days before the meeting of a new Parliament, he had put himself in the position of trying to bring about a violent disturbance of the financial and commercial relations of the country. To lay such an imputation upon one occupying the responsible position of Finance Minister, is, I think, extraordinary and preposterous—the very acme of absurdity. (Hear, hear.) Besides, Sir, to put it even on the low ground of personal interest, it is perhaps known to some honorable members that I am a shareholder in the Commercial Bank, and for me to have entertained a desire of the kind that has been imputed to me was equivalent to a wish deliberately to destroy my own property. So much for myself. With regard to the charge against the Bank of Montreal, I think that the banking institution which carries on the largest commercial transactions in the country must, *ceteris paribus*, be the largest loser in the event of a panic. Therefore I say that the impression that the Bank of Montreal and myself, as Finance Minister, entertained that design, was the most extraordinary delusion that ever took possession of this or any other country. (Hear, hear.) I hope that the explana-

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tions which I have just made will at any rate satisfy the House and the country, that whatever misconception may have taken place in regard to Mr. King and myself, certainly, as far as I was concerned, every effort that could have been made was made willingly by me to sustain the Commercial Bank, and, failing that, to prevent the disaster spreading to the other Banks."

As to the attitude of his colleagues, the same declaration makes his feelings clear:

"I thought that the Government had placed the failure of the Bank in such a position that the matter would necessarily come before Parliament and the country in such a way as to make that event appear to be attributable to me, for not having given the Government full information and that the whole responsibility of not having obtained assistance, and of not averting any disaster that might occur, would fall upon my shoulders. The disappointment which I experienced was also increased by the feeling that I was placed in the painful position of being betrayed by my friends. Moreover, as Finance Minister, I had believed that I possessed the confidence of my colleagues, and that they would not have deserted me under such circumstances. I had not recommended in my telegrams to Sir John that any assistance should be given to the Bank, because he was aware that I had been in Ottawa for the express purpose of recommending that assistance should be given. Therefore, I felt that I had been deserted by my friends, and that, as Finance Minister, looked to by the country for the maintenance of its credit and the averting of disaster, I was in the position of being supposed to have had power while I was impotent to save. Under these circumstances I felt that there was only one course for me to pursue, namely, to place my resignation in his Excellency's hands. I thought it necessary to address this answer to Sir John:

"Montreal, 22nd Oct., 1867.

"My dear Sir John,—At two a.m. I received the following telegram from you:

'Private.—Council met and considered your telegrams—information as to condition of Bank, character of security offered, and reasons why other banks declined to help, insufficient to warrant any action by Government.'

"The grounds stated for the refusal of the Government to act appear to me to imply both censure and want of confidence. As regards the alleged want of information, I must remind you that

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I went to Ottawa with Mr. Cartwright, the President of the Commercial Bank, on Thursday last, for the purpose of submitting the whole case to Council, and only at your express desire abstained from doing so. The whole state of facts was thus known to you, and also to other members of the Government. If you supposed any change had taken place, you could have sought and obtained this information by telegraph last night, before adopting the resolution you have communicated to me.

"Had the Government seen fit to rest their decision upon the want of proper authority, or the inconvenience of establishing a precedent, I might have consented to share the responsibility of this action; but I must decline to do so upon the grounds stated in your telegram.

"I have therefore only to place my resignation in your hands, and to request that you will submit the same to His Excellency the Governor-General.

Believe me, &c., &c.,

(Signed) "A. T. GALT.

"Hon. Sir J. A. Macdonald, K.C.B."

On receiving this telegram, Macdonald took a special train to Montreal to induce him to withdraw his resignation, and Cartier wrote strongly urging him to reconsider. Both insisted that the wording of the Council's telegram had been meant to hold open the door for further consideration, in the light of any information Galt might send. As eight hours had passed after Galt had telegraphed Macdonald, without any call for further data, and as the telegram sent at last did not suggest, much less make explicit, any such desire, the wording must, at best, be considered unfortunate. In any event the telegraph offices, which Galt had given orders to be kept open, had been closed on the agent's understanding that the Government's message was final.

Galt's feeling at this juncture is made clear in a letter to Mrs. Galt:

Ottawa, 31st October, 1867.

My dearest Wife:

I have had any amount of anxiety and trouble the last two days, arising partly out of the financial crisis, and partly from

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the very unsatisfactory nature of the proceedings of the Government, which really is no Government at all.

I brought up in council yesterday their course towards me, and expressed myself very strongly, ending by saying that I would not again enter the council chamber unless they explained in writing what had been done. This of course caused a sensation, and to-day I have a letter from Macdonald disowning any desire to give me offense. So I went to council to-day, but the thing will not last long as Macdonald is not himself.

A Deputation was here to-day from Toronto about the Banks, and I think I have got them into a position when they must ask aid from the Government, which I told them we were ready to grant.

If it were not for the critical state of public matters, I would resign to-morrow on private grounds, but I am inclined to wait, as if the Banks ask aid, it will be a splendid justification of my policy.

But you may be assured of this, that the present Government is doomed, whatever may follow it.

Your loving husband,

A. T. GALT.

After full consideration, Galt determined to resign. His irritation against his colleagues' method of announcing their decision might not of itself have led him to take this course, but with the pressure of private affairs, it weighed down the scale, and on November 1 he gave up office, as it proved, for good and all. Two days later he wrote Macdonald confirming his decision:

(Confidential).

Montreal, November 3, 1867.

My dear Macdonald,

I have had the consultation of which I spoke, and I am confirmed in my decision to withdraw from official life until at least I have had the opportunity of putting my affairs in something like order. I will not dwell upon the subject, as it is excessively painful for me to take any step which may cause embarrassment to my colleagues; but feeling, as I do, that my matters have been seriously complicated by the C. Bank, I think my plain and paramount duty is to consider first what is due to my family.

I shall be in Ottawa on Tuesday p.m., and will be most happy to give every assistance in my power to whoever may take my place. As, however, most of the work must stand over till after

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the New Year, I trust my resignation will not interfere with the intended course of public business.

Pray, be so kind as to give a proper intimation to the press. I shall leave this in your hands.

Believe me, my dear Macdonald,
Yours faithfully,

A. T. GALT.

The Honourable Sir J. A. Macdonald, K.C.B.

A less formal explanation is given in the report to Sherbrooke:—

Ottawa, 9th November, 1867.

My dearest Wife:

You will no doubt have seen in the *Montreal Gazette* the report of the explanation of my resignation which I yesterday gave. I had some difficulty in deciding on the exact line to take, as I could not with propriety allude to my extreme dissatisfaction with my colleagues, after having accepted their explanations. I therefore concluded to make but little of private affairs, and rather to let it be inferred that the reasons were withheld. The story has got circulated here that I had suffered very serious losses; this has, however, now been dispelled, and it is pretty well understood that I left the Government because I did not like it.

Among those who know the facts, much exasperation is felt against Macdonald, the more so on account of my resignation. They say had he stood by the Bank as I did, it would have been saved, and *this is true*.

Tom has been here with me, very cross, because I would not go farther and attack the Government, but this would have been wholly wrong. The attack must come from those interested, not from me. He left for home this morning.

The impression seems to be general that the Government is rather tottery, and that my resignation will bear speedy fruit. I think so myself.

We had a capital set-to last night between Howe and Tupper. The former made his deliverance against Union, and enlarged on the woes of Nova Scotia. He speaks very well, but I do not judge him to be a very formidable antagonist. He is illogical and lacks point. Tupper replied very ably and had much the best of it. He is an earnest speaker, and puts his points forcibly; he really made a capital parliamentary speech. Mr. Fisher of New Brunswick, one of the late delegates and long a leading man there, spoke at length, but evidently will not come up to the standard of the two

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other men, who will be in the front rank of our speakers.

The Debate stands over till Monday and may last two nights.
Love to all at home.

Your loving husband,

A. T. GALT.

Relieved from the pressing cares of office, Galt now gave sorely needed attention to his own private affairs. Some copper mining ventures in the Eastern Townships and warehouse enterprises in Portland did not come up to his sanguine expectations, but from other quarters he soon recouped these losses. His old friends, Gzowski and Macpherson, pressed him to reënter the railway field, and for a time he seriously considered it. "With you as the leader," Gzowski writes him, "keeping sharp lookout for good things and doing 'general tactics,' and Mac. on the high side laboring among the political altesse, and your humble servant to do the grubbing and digging, Holton's principles of division of labour will work admirably well. All joking aside, the only big thing left on this Confederated continent in the shape of railway enterprise, can, I am sure, if properly managed, be made to fall into our hands." It was to the same nebulous project that his friend C. J. Brydges, managing director of the Grand Trunk, and for many years one of the closest friends both of Galt and Macdonald, with whom, and with Langevin, he shared for some years prior to Confederation common quarters in Ottawa known as the "Quadrilateral," referred, in July, 1869:

When in Toronto, I saw Ross and Cumberland, and we have talked over a North-West scheme which we want to discuss with you. . . . The idea has not gone beyond us three, and further participants must be settled when we meet you. The notion is to get a charter next session for a Company to build a railway through the Territory, getting if possible a bonus of £5,000 a mile and a large land grant, to enlist Hudson's Bay people in it, to take advantage of the political necessity in England just now of saving the

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N. W. from the Yankees, etc. etc. I think the scheme a feasible and profitable one, and it can do us no harm at any rate to talk it over quietly.

In spite of these alluring attractions, Galt held aloof from the plan and did not join Macpherson when he organized a Toronto company and fought bitterly against Sir Hugh Allan for the coveted charter. He did, however, lend his aid in drafting the very compelling memorials which Macpherson's company brought before the Cabinet in the course of the controversy. He was more taken by a proposal of Sir Stafford Northcote, as representing the Hudson's Bay Company, to visit the West, Fort Garry and the Saskatchewan, in order to suggest a business policy for the Company under the new conditions created by the taking over of its old domains by the Dominion. "I am myself convinced," Northcote wrote, "that we have no officer capable of taking a really comprehensive view of the question, which is in truth one which will require a statesman to deal with, and which closely affects the interests not only of our company but of Canada likewise." It was, however, not found possible to undertake the mission.

Twenty years' activity in politics and ten years' experience of office had given Galt's interests now a political rather than a business bent, and, as his reorganized finances permitted, he began to give attention once more to current politics. He found it difficult to take any definite stand. The political situation had greatly changed. The coalition experiment had served to give Macdonald, for a time at least, overwhelming support from Ontario, and to make him less dependent than he had earlier been on the partnership and support of Cartier. Cartier himself was losing power; a quarrel with Bishop Bourget of Montreal had set the greater part of the Church against him, intrigues for local railway charters had undermined his position, and his health, but not his indomitable courage,

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was failing. Tilley, and later Tupper, had joined the Cabinet, and the close alliance between Macdonald and Tupper took the place of the former close agreement among Macdonald, Cartier and Galt.

Between Galt and Macdonald a temporary political coolness developed. A succession of episodes contributed to it. In the autumn of 1866, D'Arcy McGee, with something less than his usual tact, had suggested to Macdonald that it would be well to let Galt take his place as Minister of Militia: the disorganization of the department, made evident during the Fenian raids of June, and the many financial questions involved, called for a man of executive and financial capacity. In view of the charges made in the press as to the reasons for the failure of the Militia department in the crisis, the subject was a delicate one,⁴ and doubtless McGee's well-meant suggestion caused irritation. On Galt's side 'the double C.B.' episodes rankled. His sensitiveness to criticism and his independence of thought made it difficult for him to run in party harness at any time. Now it was doubly difficult. The relations between Galt and Cartier grew still closer. They had from the beginning been close and devoted friends, and it was this friendship which had enabled Galt to enlist Cartier's powerful aid in the Confederation movement. For a time in 1868 and 1869 a Cartier-Galt-Langevin alliance seemed probable, but changing issues prevented.

On Cartier's motion an attempt was made to heal the breach and to regain Galt's services for the government. In March, 1868, it became necessary to take steps to counteract the vigorous campaign which Howe was leading in Nova Scotia. After sweeping the province in both federal and provincial elections, Howe had determined to carry the fight to London, and demand that the Imperial Parliament should reverse its action and set Nova Scotia free. Galt felt much alarmed over the agitation in Nova

⁴E.g. *Toronto Globe*, August 16, 1866.

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Scotia, which was rapidly assuming an annexationist tinge, and wrote Sir John on the question.

Sherbrooke, 10 Feb., 1868.

Private and confidential.

My dear Macdonald:

At the risk of your telling me that my advice is unasked for and unwelcome, I am compelled by the anxiety I feel to see the Confederation succeed, to write you about Nova Scotia. It appears to me that matters there are assuming an alarming aspect, that Howe is rapidly approaching, if he has not reached, the point where he cannot control the movement, and that unless great prudence be observed, we shall have much difficulty in saving the ship.

So far as I can judge, their game appears to be to send their deputation home about the beginning of March, to keep their members back from attending at Ottawa, and to compel you to legislate on the Militia, Tariff, and other questions affecting Nova Scotia in their absence, thereby increasing the public irritation. The course which under these circumstances I would strongly advise you to take is to prorogue the House, and not meet on the 12th March, nor until the Deputation returns with their answer, when you will have it in your power to suggest to our Parliament whatever course may then appear to be wisest.

I will not trouble you with any argument on the course suggested, as you will readily perceive all that can be said pro and con. The crisis is, I think, a very serious one, as the failure to retain Nova Scotia voluntarily in the Union will not end with her secession, but practically paralyses all our efforts to build up a nationality independent of the U. S.

I leave this evening for Boston to be absent for two weeks.

Yours very sincerely,

A. T. G.

The government, while not deciding to take this course, felt equally strongly that Howe's campaign was too dangerous to ignore. They decided to send a rival mission to London to present the case for federation. In order not to make it appear that the government recognized officially the possibility of repeal and that it was prepared to negotiate, it was felt advisable to choose for the mission

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men not in office. Galt and Tupper were the men in mind. The following telegrams show Galt's attitude:

Ottawa, March 10, 1868.

To Hon. A. T. Galt:

Am authorized by Council to ask you if you will accept a mission to England as delegate on union question. It is proposed to associate Tupper with you if you have no objection. Please answer yes. If you see some objection or entertain doubt in your mind, don't give negative answer until we have discussed matter fully when you are here. Very important you should go. Thanks for your yesterday's telegram. Kind regards to Madame.

G. E. CARTIER.

Sherbrooke, 11 March, 1868.

To Hon G. E. Cartier, Ottawa.

If public interests will be served, I am disposed to accept mission, but consider it calculated to defeat object if Tupper goes, though personally this would be most agreeable to me. I think Archibald would be better. I will be in Ottawa Saturday morning to discuss matter.

A. T. G.

Ottawa, March 11, 1868.

To Hon. A. T. Galt:

Your telegram received. Thanks. Much pleased. Archibald's name was suggested. After discussion it was thought Tupper would do better. Messrs. Archibald and Kenny strongly think so. When you are here Saturday next we will explain reasons in which we hope you will concur. Answer.

G. E. CARTIER.

To G. E. Cartier.

Am very glad no absolute decision about Tupper has been arrived at. My reasons appear to me conclusive against his going, but will discuss on arrival. Shall be with you Saturday.

A. T. G.

The result of the conference was that Macdonald insisted that Tupper should go and Galt insisted that in this case he would not go:

Ottawa, 16 March, 1868.

Dear Cartier:

I have given my best consideration to the proposal you have made to me on behalf of the Government, to undertake a mission

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to England on the subject of the Nova Scotia difficulty, in association with Dr. Tupper. While I would gladly put my services at the disposal of the Government in any way calculated to consolidate the Union, still I am obliged to consider how far the circumstances connected with the proposed mission bear upon the prospect of a useful result—and I must frankly say that I consider the selection of Dr. Tupper is calculated, in the present temper of Nova Scotia, so far to diminish the probability of success, that I do not believe I could myself be of any service. I beg therefore that you will express to the Council my acknowledgments for the proposal, at the same time that I feel obliged very respectfully to decline it.

Believe me, my dear Cartier,
Yours faithfully,

A. T. G.

It has been suggested that Galt's refusal to accept Tupper as a colleague was that he had been negotiating with Howe to form a political alliance. Writing to Macdonald from London, April 9, 1868, Tupper declared: "I think I have ascertained Mr. Galt's difficulty in coming with me. General Doyle tells me that Howe and his friends confidently relied upon Galt effecting with them the overthrow of your government, and I assume that Mr. Galt was too deeply committed to present himself in London with me to counteract Mr. Howe's efforts."⁵ Galt's papers give no indication of such an understanding or of any negotiations whatever. It is conceivable that an alliance was considered, but it could only come after Howe had given up his Repeal campaign and had definitely accepted Confederation. Under those circumstances there would be no more reason why Galt and Howe should not make terms than why Macdonald and Howe should not, as they eventually did. The obvious and sufficient reason for Galt's refusal to work with Tupper was his belief that in view of the bitter hostility felt toward Tupper by the anti-Confederate party, his going to London would be taken

⁵Sir Charles Tupper, *Recollections of Sixty Years in Canada*, p. 75

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as an insult and would drive both Howe and his followers to extreme measures. As it turned out, Galt was wrong in this belief, and Macdonald and Tupper were right. Tupper went to London alone, and not only succeeded in his mission of stiffening the Imperial Government's resistance to Nova Scotia's demands, but succeeded in coming to terms with Howe himself, and preparing the way for Howe's acceptance of Confederation, and of office, with better financial terms for Nova Scotia offered as an inducement. The fact was that Howe knew his game was nearly up, and Tupper knew that he knew it.

When Galt resigned the portfolio of Minister of Finance in 1867, John Rose was appointed in his place. Two years later Rose withdrew to accept a post in London as a partner of a New York banking house. Macdonald was hard put to find a successor. At Cartier's insistence, he offered the post again to Galt, who declined. At this moment Hincks returned to Canada after years of absence in colonial governorships. He was unquestionably an able financier, and nominally a Liberal. By appointing him Macdonald thought he could solve the Treasury's difficulties, and also do something to keep up what was fast becoming a mere pretence, the contention that the Government was a coalition. The coup did not prove as successful as had been expected; Hincks, while adroit as ever, proved rash in some of his financial undertakings, and was found to carry less than no political weight.

One result of the appointment was to complete the estrangement of a rising young Conservative, Richard Cartwright. Cartwright, though young and comparatively inexperienced, had a just confidence in his own financial capacity, and considered that the post should have been offered to him. Two letters of the period show sufficiently the drift of political affairs; in writing the first, Cartwright was of course not aware that the post had been offered to Galt, and declined.

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Kingston, Oct. 15th, 1869.

Dear Sir Alexander,

Excuse my asking if you are disposed to submit to Hincks' appointment. I am extremely dissatisfied with it and have formally notified Sir John to that effect, though I do not think it advisable to make any public protest till he has had an opportunity of making explanations. I quite understand that you may not feel at liberty to engage in *any* discussion on this subject and you, I have no doubt, will acquit me of any desire to pry into your views of the position, but it is a case in which a little concerted action may save much mischief in the long run. You will oblige in any event by keeping this *entirely* to yourself.

Yours very truly,

RICHARD J. CARTWRIGHT.

Kingston, Oct. 30th, 1869.

Dear Sir Alexander,

I have no idea of displaying my hand publicly before the House meets, but I have tolerably good reason for thinking that very prompt action will be advisable when it does. I have been approached, without any solicitation on my part, by several of our people and I am pretty sure that if any Ontario Conservative in good standing speaks out, at once, a considerable section *must* follow the lead, under penalties.—The feeling is quiet but deep-seated and I think only needs a proper exponent to make itself felt most seriously. . . . My wish is, as *I assume yours is also*, to preserve the present Liberal-Conservative party, in spite of all their leader is doing to destroy it.—To effect this it seems to me we must get and keep the initiative and neither give Sir John time to buy off the weaker brethren in detail nor let the regular opposition use us as cat's paws for their own special objects. . . .

I write, as you will perceive, unreservedly, and need hardly say that I have not hinted to anyone that I have opened communications with you, though it is not unlikely it may be guessed, as I have a kind of idea I have been put under surveillance as a "suspicious character."

Faithfully yours,

R. J. CARTWRIGHT.

P.S.—I warned Sir John *before* Hincks' appointment as well as *after*, so he knows what to expect from me.

During the session of 1870 Galt came out openly against the Government. He was, however, unwilling to act with

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the Liberal Opposition, now rapidly gaining ground, especially in Ontario.* Though far from being a rigid party man, he could not bring himself to break wholly with the past. The situation was not a comfortable one, and he decided to retire from Parliament. His leading Sherbrooke supporters strongly urged him to reconsider, but he insisted. In 1872 he withdrew from the House, and did not again enter it. He was succeeded in the representation of Sherbrooke by his intimate friend, Edward T. Brooks.

In these years Galt's interest was, in fact, much more absorbed by two great general questions affecting his country's future than by personal and party issues. In the middle seventies, as will be seen, he gave himself largely to the task of combatting the aggressions of the ultramontane wing of the Roman Catholic Church; in the late sixties and early seventies the foremost thought in his mind was the need of readjusting the relations between Canada and the Mother Country and of preparing the way for the independent position Canada must at some time assume.

The independence movement of the seventies was distinctly an outcome of the peculiar state of the relationship between Great Britain and the United States, and of the reflex influences which that relationship exerted on Canadian interests and feeling. The movement was short-lived, but it made a lasting impression upon Canadian policy, even though that influence was exerted in a form

*E. H. King writes him, March 1, 1871: "I have your note of the 28th February, and entirely agree in your estimate of the Grits and Rouges. Their alliance is not to be depended upon, and they want all the elements of political cohesion. Individually they are almost all singularly deficient in personal sympathies and attachment to each other, and they do not possess leaders of sufficient influence and calibre to overcome that want and neutralize their little jealousies."

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and a direction which was not expected by either the advocates or the opponents of independence in this period.

The stimulus to independence came in the first place from Great Britain. It has been noted in an earlier chapter that the result of the discussion upon trade and defence questions had been to develop in the Mother Country a strong feeling that the colonies were deadweights, and that separation was not only inevitable but desirable. What was the value of possessions which yielded neither official patronage, nor exclusive markets, nor military strength? The one consideration which made many hesitate to favour separation was the fear that the United States would pounce upon the scattered colonies and add them to her domains. Many men in Britain felt it would not be honourable to desert the colonies in need, nor prudent to permit the addition of their resources to those of a great rival. Confederation seemed to open a way to remove these objections, giving assurance that the British American colonies would be able to stand alone. With this last scruple removed, opinion in England in political and business circles became overwhelmingly in favour of separation.

The extent of this sentiment is often forgotten to-day, and it is the fashion sometimes to assume that it was held only in Radical quarters. This is entirely baseless. It is true that the Manchester School wing of the Radicals were the most unanimous and most persistent advocates of separation. As with imperialists of an earlier day, trade and trade profit bulked large in their views. With unanswerable logic they insisted that if, as had long been contended, the object of maintaining an empire was to advance the Mother Country's trade, then with the disappearance of trade monopoly, even of trade equality, that object had also vanished. They were opposed to large military expenditures, and in favor of friendly relations with the United States; the independence of Canada, they

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believed, would advance their objects in both ways. In the Commons debate on Canadian defences in March, 1865, John Bright, after insisting that if there was any occasion to defend Canada it was not because of Canada's but of England's policy, continued:

"I suspect from what has been stated by official gentlemen in this government and in previous governments that there is no objection to the independence of Canada whenever the Canadians shall wish it. I have been glad to hear this statement, because I think it marked an extraordinary progress in sound opinions in this country. I recollect the noble Lord at the head of the Foreign Office having been very angry in this House at the idea of making a great Empire less; but a great Empire may be lessened territorially, and yet the Empire itself may not be diminished in its power and authority in the world. And I believe that if Canada now, by a friendly separation from this country, became an independent State, choosing its own government—if it liked a monarch, having a monarchy, if it liked republicanism, having a republic—it would be not less friendly to England than at this moment—that the tariff would be no more adverse to our manufactures than it is now; that, in case of a war between England and America, Canada would be a neutral country unscathed by the calamity of that war; and that the population of the country would enjoy greater security—one very great security being that there would be no risk of war—than they will find in the theory advocated by many Members of this House, and which the Government have adopted by recommending a system of fortifications in that country. . . . To that separation I do not in the least object; I believe that it would be better for us and better for them. But I think of all the misfortunes that could happen between us and Canada this would be the greatest—that their separation should take place in a period of irritation and estrangement, and that we should have added on that Continent another element in some degree hostile to this country."

These opinions he repeated in the debate on Confederation, and they may fairly be taken as representative of the Manchester school.

But the Manchester men did not make up the whole Radical party. It is significant that the Philosophical

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Radical wing, who emphasized government and its form and working rather than trade, continued in many cases to retain their traditional confidence that colonial self-government would mean continued connection. John Stuart Mill, who in the late thirties and early forties had stood by his fellow Radicals, Durham and Buller and Wakefield, in upholding the colonial demand for self-government, continued in the sixties to believe that the maintenance of the connection was both possible and desirable:

"But though Great Britain could do perfectly well without colonies, and though on every principle of morality and justice she ought to consent to their separation, should the time come when, after full trial of the best form of union, they deliberately desire to be dissevered, there are strong reasons for maintaining the present slight bond of connection, so long as not disagreeable to the feelings of either party. It is a step, as far as it goes, towards universal peace, and general friendly co-operation among nations. It renders war impossible among a large number of otherwise independent communities; and moreover hinders any of them from being absorbed into a foreign state, and becoming a source of additional aggressive strength to some rival power, either more despotic or closer at hand, which might not always be so unambitious or so pacific as Great Britain. It at least keeps the markets of the different countries open to one another, and prevents that mutual exclusion by hostile tariffs, which none of the great communities of mankind, except England, have yet completely outgrown. And in the case of the British possessions it has the advantage, especially valuable at the present time, of adding to the moral influence, and weight in the councils of the world, of the Power which, of all in existence, best understands liberty—and whatever may have been its errors in the past, has attained to more of conscience and moral principle in its dealings with foreigners than any other great nation seems either to conceive as possible or recognize as desirable." ¹

Among Liberal statesmen, the feeling that separation was inevitable had grown rapidly. While Gladstone never publicly expressed an opinion to that effect, it was widely understood that he and the other middle-class leaders,

¹*Representative Government*, chap. 18 (1861).

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who were largely permeated by the same doctrines as the Manchester school, had no doubt on that score. Typical of this section of opinion was a straightforward utterance of Sir George Cornwall Lewis, in the defence debate of August, 1862. Cornwall Lewis, who was author of a standard work on the government of dependencies, and at the time held the post of Secretary of War, declared:

"I for one can only say that I look forward without apprehension, and I may add, without regret, to the time when Canada might become an independent state, (hear, hear) but I think it behooves England not to cast Canada loose or send her adrift before she has acquired sufficient strength to assert her own independence."

The aristocratic Whig wing of the party was slower in being converted to this view. In the same debate Palmerston urged a contrary view:

We should look upon our colonies as part and parcel of the British Empire. (Hear, hear.) I also quite concur in wishing that the day may be far distant when from various causes these great communities may deem it to be their interest to separate from us, because I do not think such a course would conduce to their benefit while I feel assured it would not tend to the advantage of the Mother Country."

As the war wore on, even Palmerston, for all his militant jingoism, came to emphasize more strongly the uncertain character of the connection, and the K.C.M.G. correspondence with Lord Granville (see page 455) reveals clearly the attitude of a representative Whig statesman in the early seventies.

Among the Conservatives the same views spread rapidly. Robert Lowe, afterwards Viscount Sherbrooke, may perhaps be taken to have spoken for himself, and not for his party, when he declared in the debate of March 23, 1865:

"If Canada chooses British connection she must take it subject to this condition, that she will have to defend her own soil in case

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of invasion; that we will make diversions elsewhere, and defend her in what we think the most efficient way, and that if our arms are crowned with success, she shall be the first object of our consideration in making peace. We should also represent to her that it is perfectly open to her to establish herself as an independent republic, and that if she thinks that will make her position safer and more tenable, we do not want to drag her into any danger."

Unquestionably representative of the best-informed military opinion was the statement of another Conservative member, Major Anson, in the same debate, that "it was perfectly and utterly impossible for this country to dream of defending Canada for one moment."

Disraeli's views show an interesting evolution. In the 1862 debate he declared that he would be "very sorry to suppose that the connection between the Mother Country and the colonies should end," and went on to specify in what particulars he considered the grant of self-government had been too extreme. Yet three years later he differed with his lieutenant, Robert Lowe, only as to the time when Canada would become independent:

"The right honorable gentleman looks forward to Canada becoming a republic. I do not grudge Canada its independence. I can anticipate that those who follow us may view that country independent and powerful, but I do not necessarily see that the form of its Government should be that of a republic. . . . These provinces and lands contiguous to them contain the means of sustaining not only millions but tens of millions of population, and why are we to doom Canada to the fate of being absorbed in the United States or becoming a mere dependency on some American republic? Canada, I believe, has its future. We have a right to assume this, for it has all the elements which make a nation. . . . Unaided by us, those provinces probably have the means of establishing their independence of any foreign foe, and if ultimately they can become an independent country we shall not find in such a circumstance a source of mortification, but rather a cause of pride."

And again in the debate of March 13, in the same year:

"The question we have to ask ourselves is, is this country to renounce her American dependencies and colonies or are we to

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retain that tie? Now, if these colonies expressed a wish to separate the connection and if they preferred to be absorbed by the United States, we might terminate our connection with dignity and without disaster. But if, on the other hand, those views are just which are more generally accepted and if there should be on the part of Canada and the other North American colonies a sincere and deep desire to form a considerable State and develop its resources and to preserve the patronage and aid of England until that mature hour when we shall lose our dependency but gain a permanent ally and friend, then it would be the greatest political blunder for us to renounce and relinquish and avoid the responsibility of maintaining our interests in Canada at the present moment."

But was not Disraeli an Imperialist? Certainly, but to him imperialism meant empire in the strict sense. To the end of his days he had no conception of the possibility of an "empire" which should not be an empire, but a partnership of equal states. Writing to Lord Derby in September, 1866, he made clear the Oriental character of his imperialism:

"Then also we must seriously consider our Canadian position, which is most illegitimate. An army maintained in a country which does not permit us even to govern it! What an anomaly!

It never can be our practice or our policy to defend the Canadian position against the United States. If the colonists can not, as a general rule, defend themselves against the Fenians they can do nothing. They ought to and must be strong enough for that. Power and influence we should exercise in Asia; consequently in Eastern Europe, consequently also in Western Europe; but what is the use of these colonial deadweights which we do not govern?"

In Canada, the movement in favour of a more emphatic assertion of nationality had more than one root. In some measure it was, as in Great Britain, an outcome of the unsatisfactory international situation produced by the hostility between the Mother Country and the United States. It was seen that this situation was harmful and dangerous both to Canada and to Great Britain. Great Britain felt hampered in taking a strong course toward

*Monypenney, *Disraeli*, vol. iv, p. 464.

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the United States because of military weakness in North America, while Canada on the other hand felt that it was continually being sacrificed on the altar of American good will. It would be easier for Canada to keep on good terms with the United States when it had ceased to be a hostage for the Mother Country's good behaviour and a temptation to every American prone to the national sport of twisting the lion's tail. When, in 1871, the British government withdrew the last of its regiments from the Dominion—Halifax retaining a small force as the fleet station—it was widely felt that the hint was plain.

But it was not merely this negative factor which stirred many Canadians to new aspirations. Confederation had aroused a new sense of nationality. McGee particularly had appealed to the sturdy self-reliance and ardent hopes of his hearers, holding before them the prospect of a more active and responsible part in the world's work than the provincial status had permitted. The glowing pride in the resources and possibilities of a nation which reached from the Atlantic to the Rockies, and soon, beyond, stirred many an ardent young mind to wish to throw off the leading strings of colonialism and assume the full responsibility and the full opportunity of nationhood.

It was not surprising that these new sentiments found their best exponent in Galt. He was more familiar than any other Canadian with the trend of opinion in Great Britain. Constant visits, and intimate relationship with official and commercial London, kept him closely in touch. It was at first with some surprise and much uneasiness that he noted the trend of this opinion. In conversation with Mr. Cardwell in 1865, he had emphasized the fact that "the desire and belief of Canada was, in seeking a union, not in any way to weaken the connection with the Mother Country, but rather to remove those causes which now afforded many parties in England arguments for asserting that the connection was mutually disadvanta-

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geous." Yet as he came more closely into touch with the men of all parties he was filled with forebodings; "they have treated us too much as ambassadors and on an equality. . . It is very grievous to see half a continent slipping from the grasp of England with scarcely an effort to hold it." On the very eve of Confederation, we have seen, he was depressed by the evident desire to see the new Dominion strike out for itself. Later visits made these views familiar and convincing. He came to agree with the prevalent view in England that Canada was a source of weakness and of irritation in relation to the United States, and that both would be strengthened by separation.

Other reasons led him to take this stand. He was not in office or leader of a party, and therefore was free to take up any question in advance of public opinion. His cast of mind disposed him to take an interest in broad questions which more opportunist politicians left to ripen. While independent in judgment, he was peculiarly susceptible to new tendencies in thought, and the same disposition which later made him a pioneer on the imperial federation path now led him to take the independence tack. Further, he had always, Englishman-born though he was, been one of the stoutest defenders of Canadian self-government, and he was prepared to follow that principle wherever it might lead.

The new sentiment found expression in many quarters. In Toronto, the Canada First group, under W. A. Foster, pressed strongly for some solution which would open to Canadians a way out of colonial dependence. Whether this should take the form of independence or of imperial federation, its members differed, but they were agreed in feeling that it was impossible for a people occupying half a continent to remain forever a mere dependency. The two ablest young Ontario men who entered politics in these years, Charles A. Moss, afterwards Chief

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Justice of Ontario, and Edward Blake, sympathized strongly with these aspirations. "An organization which will draw the line between Canadians loyal to their soil and those who place their citizenship in a subordinate or secondary position," declared Foster, in a meeting supporting Moss' successful candidature for parliament in 1873, "affords the surest means of cementing a confederation and securing political action in the interests of the whole Dominion." In the following year, Blake, in his famous Aurora speech, enigmatic as was his wont, appealed to national spirit, described Canadians as "four millions of Britons who are not free," and urged that by federation of the empire or otherwise Canada should assert a voice in foreign policy. Howe was also insistent, in one of his last utterances, a speech made at Ottawa in February, 1872, that the time had come for a clearer understanding as to Canada's international status:

"I do not desire to anticipate the full and ample discussion which Parliament will give to England's recent diplomatic efforts to buy her own peace at the sacrifice of our interests, or of that comedy of errors into which she has blundered; but this I may say, that the time is rapidly approaching when Canadians and Englishmen must have a clear and distinct understanding as to the hopes and obligations of the future. If Imperial policy is to cover the whole ground, upon the faith of which our forefathers settled and improved, then let that be understood, and we know what to do. But if 'shadows, clouds, and darkness' are to rest upon the future—if thirty million of Britons are to hoard their 'rascal counters' within two small islands, gather round them the troops and warships of the Empire, and leave four millions of Britons to face forty millions, and to defend a frontier of three thousand miles, then let us know what they are at, and our future policy will be governed by that knowledge. No Cabinet has yet dared to shape this thought and give it utterance. Leading newspapers have told us that our presence within the Empire is a source of danger, and that the time for separation is approaching, if it has not already come. Noble Lords and erudite Commoners have sneeringly told us that we may go when we are inclined. As yet, neither the Crown, the Parliament, nor the people of England have deliberately

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avowed this policy of dismemberment, although the tendency of English thought and legislation daily deepens the conviction that the drift is all that way. We must wait, my young friends, for further developments, not without anxiety for the future, but with a firm reliance on the goodness of Providence, and on our own ability so to shape the policy of our country as to protect her by our wit, should Englishmen, unmindful of the past, repudiate their national obligations."

But it was chiefly in Montreal and in the English-speaking sections of Quebec that the most emphatic stand was taken. The *Quebec Chronicle* was a thick and thin advocate of independence, and George T. Lanigan of the *Montreal Star* one of its most ardent supporters. Lucius Huntington, member for Shefford from 1867 to 1882 carried on a campaign in the Eastern Townships in 1869 and 1870, and in Montreal a very influential group of business men advocated the same views.

At the same time, a movement in favour of annexation had developed, particularly in Nova Scotia, and it was with some difficulty that Galt and his friends, who were strongly opposed to that ignominious solution of Canada's difficulties, were kept busy warding off the charges of enemies that independence was only a first step to annexation and the desire of the annexationists themselves to annex the independence movement. In July, 1869, Lanigan wrote to Galt, urging a league, and referring to some dubious allies:

Montreal, 1st July, 1869.

Dear Sir:

Not having had the pleasure of seeing you in Montreal, I write briefly concerning the subject of Independence.

The feeling is, I judge, sufficiently strong just now to warrant the organization of a party tending in that direction. General Averell was considerably opposed to this, on the ground that the times were not yet ripe, and that were organized demonstration attempted, followed by failure, it would seriously damage the cause. I think we can raise a League here, put up pretty respectable figureheads, and by a subscription of \$100 apiece raise \$20,000 at

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reply Galt made a frank and vigorous defence and explanation of the stand he had taken.

Loyalty, he declared, was not the mere expression of sentiment. Loyalty meant a man giving of his best, giving his time and his energy to the service and progress of his country. In this view Her Majesty's ministers evidently agreed with him, as would be made clear from a correspondence which had taken place during the past year and which he would ask leave to place before the public. Passing to the merits of the issue, Galt insisted that independence was the surest bulwark against annexation:

. The effect upon the Canadian people of teaching them that they cannot exist unless they are holding on to the skirts of a great power for all time to come, will most surely, when the connection with Great Britain is severed, and the public mind is not educated to the point of believing that we can stand alone, be that annexation will ensue.

Let us look at this question with reference to the interests of the British Empire. Could any one look at the connection which exists between this country and Great Britain without perceiving it is a source of difficulty to her Statesmen, and at the same time of danger to ourselves? English Statesmen are teaching us—for their actions speak louder than their words—lessons of self-reliance. Every step that is taken is one in that direction. What does it all mean? Does it mean that they are teaching us that we are to continue for all time the connection, or does it not rather mean that they are gradually leading us up from dependency to an independent existence? The great interest of the British Empire at the present time I take to be the building up of a British Empire on this continent, independent of the United States. If she can not succeed in that, then it is perfectly clear that these Provinces will be ultimately absorbed by the United States. The effect of that absorption would be to make that country the first Maritime Power of the globe. Therefore, I hold that the policy of England was a wise one. With a view to prevent this absorption the statesmen of England desire to teach us that we have a future of our own, and induce us to keep separate from that country, and thus preserve a balance of power. I believe that is the wisest and only policy for British statesmen to adopt, and in not accepting that

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policy and helping to carry it out as a matter of duty to the empire, we should be really doing more to imperil the empire, which we love, than by any other course we could take.

I have never proposed, nor do I now intend to take any action on the question of independence. It would not be wise to do so. I would vote against a motion for that purpose to-night if it were brought up. I could not say when we would be prepared for that future. If independence were to take place now it would end in our drifting into the United States (hear, hear), but while I hold that view, I believe that the day for independence will come, and unless we were prepared for it, unless our legislation be framed with that view, we will be found then in the same position as now, and being unprepared for a separate political existence, we will have no choice with regard to our future. Confederation was an Act of Imperial as well as of Colonial policy. The intention of that Act, I believe, was to secure by a union of all the scattered British North American Colonies a united country of sufficient power, population and wealth, to be able to maintain itself alone. That policy was to a certain extent carried out by the British North America Act, and my complaint against the Government is that they have not made use of the prestige which Confederation gave them, that they have not been successful in their efforts to consolidate Confederation.

The reference to the correspondence with Lord Granville makes it advisable to insert here the more important in the series of letters exchanged upon the occasion of the offer of a K.C.M.G. to Galt:

Galt to Sir John Young, Governor-General of Canada.

Ottawa, 15 May, 1869.

Dear Sir John:

I desire to offer my grateful acknowledgment to Earl Granville for the intimation which Your Excellency was good enough to convey to me to-day, that Her Majesty's Government were prepared to submit my name to the Queen for the distinction of the second grade of the Order of St. Michael and St. George.

It will afford me the highest gratification to accept the offer so graciously made. But as I have already verbally explained to Your Excellency, I do not feel at liberty to do so without making Her Majesty's Government aware of certain views which I hold as to the political future of the Dominion, the knowledge of which might possibly influence their decision.

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I regard the Confederation of the British North American provinces as a measure which must ultimately lead to their separation from Great Britain.

The present connection is undoubtedly an embarrassment to Great Britain in her relations to the United States, and a source of uneasiness to the Dominion owing to the insecurity which is felt to exist from the possibility of a rupture between the two nations.

It cannot be the policy of England, and it is certainly not the desire of the people here, that Canada should be annexed to the United States, but I believe the best and indeed the only way to prevent this is to teach the Canadian people to look forward to an independent existence as a nation in the future as being desirable and possible. Unless such a spirit be cultivated, the idea will become ingrained in the public mind that failing the connection with Great Britain annexation must come.

I believe the existing relations would be safer if the future state were clearly recognized, and, if possible, a term fixed therefor. It is our interest and certainly my desire to postpone this event, and to avail ourselves of the moral and physical support of Great Britain as long as possible, meantime developing our own internal strength and resources.

I do not believe the advocacy of these views, as time and circumstances may warrant, ought to be offensive to Her Majesty's Government, or to be regarded as detracting from my duty as a subject of the Queen. But I cannot honourably accept the proposed distinction while holding opinions that may be regarded unfavourably, and that being known would have prevented the offer being made to me by Lord Granville.

I must beg Your Excellency to regard this note as confidential to all except Her Majesty's Government, as I do not wish to find myself openly committed to a policy now which events might later cause me to modify.

Should Her Majesty's Government, after this communication, still consider me worthy of the proposed distinction, I should accept it with much gratification. If not, I should still feel equally grateful for the goodness which has prompted the honour.

Believe me, dear Sir John,

Your Excellency's most obedient servant,

A. T. GALT.

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A. T. Galt to Edward Cardwell, Secretary of War.

Ottawa, 17 May, 1869.

My dear Mr. Cardwell:

. . . . I trust I will not be misunderstood in stating these impressions. I cannot help seeing that the United States regard our defenceless frontier as a source of weakness and possible humiliation to England, and I cannot doubt that the fear of exposing us to the horrors of invasion has a strong and restraining influence on the policy of England.

The knowledge of our position and consequent risk tends to retard the progress of this country and to send emigrants from our shores.

I have always believed, in common with most thinking men, that at some period the Dominion would become detached from the Mother Country. But I now begin to fear the day is not distant, and the United States are determined to hurry it on. If that day should come while our people are taught and believe that they cannot exist without English support, we must drop at once into the United States. I therefore think the wisest policy will be to commence a discussion of our possible future as an independent country, so as to prepare for the time when the trial will have to be made.

Moreover, the responsibilities we are assuming in taking upon us the organization of the North-West are very great, and will entail burdens which, I think, will only be cheerfully borne under the idea that we are building up an Empire for ourselves. . . .

Lord Granville, in his reply to Sir John Young, declared that he had never been more pleased with any letter than that which Young had forwarded from Galt. His further opinions are indicated in the letter which he wrote later for publication, in response to Galt's reference to the correspondence in the 1870 debate.

A. T. Galt to Lord Granville.

Montreal, 25 Feb., 1870.

My dear Lord Granville:

I feel it my duty to offer some explanations to Your Lordship in reference to the remarks I have been compelled to make in the recent debate in our House on the Address.

For reasons which I cannot explain, except on the supposition that the charge would damage me in public estimation, the Govern-

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ment saw fit to give much prominence to my views on the question of independence, and then first indirectly through their supporter, Dr. Tupper, and afterwards directly through Sir F. Hincks, imputed disloyalty to me for holding such opinions.

In self-defence I was compelled to refer to my letter to Sir John Young when you were good enough to offer me the K.C.M.G., and generally to state the contents, pledging myself to produce the letter. I added that I was not at liberty to refer to the reply, but that it was followed by the distinction being conferred, and that therefore I did not consider myself more disloyal than Her Majesty's Ministers. I enclose report of my remarks.

The following day Sir Francis Hincks again returned to the subject and called on me to produce the reply to my letter. To which I rejoined that I would ask for permission to do so. This I have done by note to Sir John Young.

I beg Your Lordship to observe that I have not stated that Her Majesty's Government approved of my views, only that they did not treat them as disloyal.

I shall feel extremely sorry if this affair causes you any annoyance, but it was not brought on by me, as I have not said one word publicly about independence since the last session of our Parliament, and had no wish to give publicity to the correspondence with Sir John Young. The indiscretion, if such it be, rests with Her Majesty's advisers.

As the question has, however, now attracted a large amount of public attention, I venture to repeat the suggestion I offered in communication with Your Lordship, that the aims of the Government had better be plainly stated. It would be well to say that the Imperial Government must look forward at some future day to the independence of British North America, and that they consider we can but perform our duty to the Empire and the Queen by preparing for it.

Lord Granville to Sir A. T. Galt.

Colonial Office, March 15/70.

Dear Sir Alexander:

I have to acknowledge the receipt of your letter of the 25th ultimo.

I have only one objection to authorizing you to publish a copy of my private letter to Sir John Young of the 19th of June. It would establish a precedent which might in other circumstances be

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inconvenient if a liability be admitted to produce a private letter from the Secretary of State to the Governor because the latter had communicated it confidentially to a third person, as Sir John Young did to you, with perfect propriety in this case.

I had previously obtained the Queen's permission to offer you the K.C.M.G. with a view of paying a compliment to the Dominion, in the person of one of its most distinguished statesmen. I was not then aware of the views which you entertained respecting the possible future of the Confederation. Sir John Young forwarded to me the letter in which, giving your reasons for it, you stated your opinion, that the confederation of the British North American Provinces must ultimately lead to their separation from Great Britain, that it could not be the policy of Great Britain, and was certainly not the desire of the people of the Dominion, to become annexed to the United States, and that the best course to avoid it was to encourage the Canadian people to look forward to independence in the future, and you added your belief that the existing relations would be safer and more desirable if the future state were more clearly recognized, and if possible a term fixed therefor, it being the interest of the Canadians and your own desire to postpone the event, and to avail yourselves of the moral and physical support of Great Britain as long as possible.

You thought that these views ought not to be regarded as detracting from your duty as a subject of the Queen, and you did not like to accept the distinction, unless these opinions were known to those who made the offer, and you asked that the communication might be considered confidential, as you did not wish to pledge yourself to a policy which events might cause you to modify.

In reply I requested Sir John Young to inform you how much pleased I was with the honorable spirit of your letter, and to add that I did not consider your statement precluded a Minister of the Crown from offering you a well deserved honor from the Queen.

Yours sincerely,

GRANVILLE ,

You will observe that I have not marked this letter "private."

In reply, Galt wrote thanking Lord Granville for his courtesy, and offering to resign the distinction if his retention of it caused any embarrassment. Lord Granville once more took the same position:

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Lord Granville to Sir A. T. Galt.

16b Bruton Street, London, W.
May 18/70.

Dear Sir Alexander:

I have to thank you for your letter of last month. I fully appreciate your honourable motives in offering to resign the order of St. Michael and St. George.

When I first offered the distinction to you from the Queen, I was not aware of the opinions you held respecting the future of the Dominion.

When informed by you confidentially of certain opinions which you held respecting the possible future of the Dominion as a result of the confederation, I thought they constituted no reason for recommending Her Majesty to withhold the honour from a distinguished and loyal statesman like yourself.

I am not aware of anything which has since occurred which should modify that opinion, or induce me to take the stronger step of accepting your resignation of the honour.

Yours sincerely,
GRANVILLE.

Galt consistently maintained that the time had not then come for effecting independence. For the present, his sole purpose was to endeavour to cultivate a stronger national spirit and to accustom the people and the government to rely on their own resources. In accordance with this view, he advocated, in March, 1870, the acquisition of independent treaty-making powers, so far as commercial agreements were concerned. Huntington had brought forward a resolution to the same effect, coupling it, however, with a demand for a Customs Union with the United States, a policy which he defended by declaring, without contradiction, that the government had sanctioned it by agreeing, through Mr. Rose, to adopt a policy of free trade in manufactures with the United States. Galt was not willing to make any trade concessions to the United States which could not also be extended to the Mother Country. He therefore moved an amendment omitting all reference to the Customs Union, and urging that powers should be

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obtained from the Imperial Government to enable the Dominion government to enter into direct negotiations with other British possessions and foreign states to effect commercial agreements, subject to ratification by the Crown. In reply, Macdonald, declaring that "there could be no difference of opinion as to the advantage of free trade with the United States and other nations," did not agree that independent action could secure the boons desired. "Why should we throw away the great advantage we now have of the assistance of England in negotiating treaties?" he inquired. "How much better to have the powerful assistance of Great Britain than to go with bated breath and humble tone pleading *in forma pauperis* with foreign countries to make a treaty with them. Their answer would be, 'We don't know you! who are you?' 'A province of England.' 'Then send England to us, and we will treat with her.' That would be the deserved answer we would get. . . Again, what guarantee would we have that England would ratify the treaty of our making even if foreign nations were weak enough to enter into a treaty with us without having a previous guarantee that England would ratify it?"

The need of a sturdy assertion of Canadian nationalism is apparent when the Premier of the country is found taking up a position of such apologetic and dependent colonialism as this. Fortunately, Macdonald's acts were better than his theories, and when an actual test came, a year later, no one could have upheld Canada's interests more sturdily than he did. His changed opinions of the 'great advantage' of British assistance in negotiating treaties were the best justification of Galt's attitude in 1870.

Five years had passed since the close of the Civil War, and the disputes left as a legacy of that struggle were still unsettled. The United States demanded compensation from England for the depredations committed by the

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Alabama and other Confederate cruisers built in English ports. Canada countered with claims for the damages which an equally lax interpretation of the duties of a neutral state had permitted the lawless bands of Fenians to perpetrate. Reciprocity, in spite of negotiations by Rose in 1869, was still unattained. As a lever to secure trade privileges and in defence of her just rights, Canada was insisting upon a strict enforcement of her exclusive right to her inshore fisheries.

In 1870 the Dominion government suggested the appointment of a joint commission to settle the fishery dispute. In the later discussion between the British and United States authorities it was decided to appoint a commission, but to give it jurisdiction over all the questions at issue, whether between Great Britain and the United States or Canada and the United States. Canada was not consulted as to this linking up of the diverse issues, nor in framing the terms of reference. One concession was made, the offer to Macdonald of a place as one of the five British commissioners. With many doubts he consented to act, and made preparations to spend the spring of 1871 in Washington.

Galt at once demurred to this linking up of the *Alabama* claims with the Canadian issues. He feared that in order to pacify the United States on this question, the British commissioners would be prepared to sacrifice or overlook the interests of the Dominion. It would have been better, he contended, to negotiate separately, offering fishery in exchange for trade privileges, or to abstain from negotiations entirely, suffering whatever restrictions were in force rather than run the risk of worse arrangements. Had Canada insisted upon the right to be consulted in negotiations so directly concerning her, before they had taken a fixed form, this might have been kept in view. Now that the agreement for the joint commission had been made, the only course was to make the best of it, and

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to put the parliament of the Dominion on record as insisting upon a vigilant guarding of her vital national interests.

On February 24, 1871, Galt, seconded by Cartwright, moved a series of resolutions, urging a sturdy assertion of these interests.* In supporting these resolutions, Galt declared it was the duty of the House to strengthen the hands of the government in the approaching negotiations, in the unequal struggle in which the Canadian representative was about to be engaged. He regretted the mixing

*That this House recognizes in the fullest manner the importance in the cause of peace and civilization, of the settlement of all questions in dispute between Great Britain and the United States, and in the especial interests of Canada will rejoice to find the result of the Joint High Commission productive of cordial and lasting friendship between the two nations.

That this House regards the control and disposal of the in-shore Fisheries and the navigation of the inland waters of the Dominion as specially within the powers conveyed to the parliament of Canada under the British North America Act, and will view with the utmost concern and apprehension any proposal to alter or diminish the just rights of the Dominion, in these respects, without their consent.

That this House has always been, and now is, prepared to concede the most free and unrestricted use of the Fisheries and Inland Navigation to the United States upon receiving as an equivalent therefor complete compensation in modification of the United States commercial system, directed to the more free and liberal interchange of the products of labor in the two countries.

That the concession to the United States of the freedom of the Fisheries and of the St. Lawrence without such compensation would place Canada in a most disadvantageous position for future negotiation by depriving her of the means of offering any adequate equivalent for those concessions she is desirous of obtaining from that nation.

That this House willingly consents to the consideration by the Joint High Commission of all subjects in which Canada is concerned with the United States, and will cheerfully make any sacrifices that may be required at their hands in the interest of the Empire, so far as they do not compromise the national interests and security of the country, and directly tend to their subordination to the United States in the future.

That this House desires that the question of the claims of Canada upon the United States, arising out of the repeated and illegal invasions by predatory bands of so-called Fenians, organized within the territory of the United States, may be so dealt with by the Joint Commission as to afford indemnity for the past and security against similar outrages in the future.

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up of Canadian and British issues, not that the British authorities were capable of any action that was not wholly honourable, but that in view of their great anxiety to settle their outstanding difficulties with the United States they might be inclined to attach too little value to Canadian rights and interests. Our government had been entirely ignored since a period in 1870, and had had no share in determining the scope of the Commission's activities. He was doubtful whether the Fenian Raid claims could be brought before the Commission under the terms of reference, though certainly our rights to indemnification were stronger than the *Alabama* claims of the United States, and should have been pressed more firmly.

"We must guard our right," he continued, "and not be put in a position of inferiority to the United States. I wholly repudiate the idea that this country is in any way subordinate or ought to be subordinate to the policy of the United States. I desire to retain our connection with Great Britain so long as it can be maintained in the interest of both countries, but if the time ever comes that that connection will cease, I desire that the people of Canada should not be in a position of inferiority to the great republic. We must preserve in our own hands the great interests which would go hereafter to build up a great Empire on this continent and keep it intact for our posterity."

In the discussion which followed in the House and in the press, it was made clear that in these resolutions Galt had voiced a widespread opinion. Several leaders, however, including Macdonald, Blake and Mackenzie, took the stand that it would not strengthen the hands of the British negotiators to pass a resolution which made clear a divergence of interests between Canada and Great Britain, and Galt agreed to withdraw the resolution without a vote, as his main purpose had been served by bringing on a

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discussion.¹⁰ In doing so, he declared that whatever might be his differences of opinion with Sir John Macdonald, he had no doubt he would uphold the interests of Canada in his mission.

The proceedings at Washington confirmed every point of Galt's contention, and showed that he knew both British and United States statesmen better than Sir John. The oversight of the British ambassador in framing the terms of the subjects for discussion, and the sharp insistence of the United States commissioners on the letter of these terms, resulted in ruling Canada's Fenian Raid claims out of court. The *Alabama* claims and the San Juan dispute were referred to arbitration. Macdonald's attempt to secure reciprocity in trade in return for the concession of inshore fishing privileges came to nothing, and after objecting strenuously to a calm proposal to purchase these privileges in perpetuity for a million dollars, the best he could do was to limit the concession of the fisheries to ten years, with notice, and to have the question of the money compensation to be made for their use referred to arbitration.

Macdonald now recognized "that Canada was not re-

¹⁰E. H. King to Galt, Feb. 24, 1871: "I see the *Gazette* and the *Globe* both take pretty much the same ground respecting your resolutions. I expect, therefore, to find the government agreeing to them, or rather not disagreeing, in principle, but urging their withdrawal on the ground of embarrassment or inexpediency. If you can get a satisfactory discussion or debate, it may be well to accept a favorable expression of opinion in your favor, and waive its formal record by a vote, trusting that it will have due weight with the Canadian Commissioner. . . . It really looks as if the government intended to adjourn parliament until November. If this be true, Independence will have many supporters by then, as I have no hope of the Joint Commission coming to any conclusion that will not increase the feeling of distrust as to how far England will go to support our rights or to foster the existing connection. . . . We have good grounds for entertaining the apprehension that England will make concessions to the United States to secure their good will which she would not make to force, and that Canada may have to submit to an abridgment of her rights which we would obtain for ourselves if we had the management of our own foreign affairs."

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sponsible for the commingling of the various subjects of difference between the nations, and was prejudiced by it. The consequence was that Canada was now called upon against her will to enter into an arrangement which she considers in the highest degree unsatisfactory to her people, in order to secure the settlement of other matters in which England is more immediately interested." He saw the advantage of having, had it been possible, a "minor commission . . . to settle Canadian questions . . . to consist, on our side, of two Canadians and Sir Edward Thornton," which would "give Canada a far better chance than she has now, when her pecuniary interests are considered as altogether secondary to the present Imperial necessities." He told his fellow Commissioner, Lord de Grey, that it was out of the question "for Canada to surrender, for all time to come, her fishery rights for any compensation whatever; that we had no right to injure posterity by depriving Canada *either as a dependency or as a nation*, of her fisheries." As to his colleagues, he reported: "I must say that I am greatly disappointed at the course taken by the British Commissioners. They seem to have only one thing in their minds—that is, to go home to England with a treaty in their pockets, settling everything, no matter at what cost to Canada. . . . The U. S. Commissioners . . . found our English friends so squeezable in nature that their audacity has grown beyond all bounds."¹¹

As Macdonald anticipated, the announcement of these terms was met with a storm of denunciation in Canada. The other members of the government were in favour of withholding assent to the fishery articles which, by the terms of the treaty, were dependent upon ratification by the Canadian legislature as well as by the United States Senate for their validity, and for a time Macdonald him-

¹¹Correspondence with Dr. Tupper, in Pope, *Sir John Macdonald*, chap. xx, xxi.

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self was inclined to this course. After reflection, however he came to the conclusion that now that the treaty had been framed, it would not be right for Canada to imperil the settlement of the vexed issues between the Mother Country and the United States and bring back the spectre of war. In a powerful speech he urged this course upon Parliament, and posterity, like that parliament, has endorsed his stand.

With the settlement of the concrete international questions at issue by the Washington Treaty, the public, both in Canada and in Britain, ceased to take any strong interest in the topic of Canada's national status. In Great Britain, the belief that separation was inevitable and desirable lessened as the menace of war with the United States faded away. Provided that the large debit entry of military weakness was cancelled or diminished, the people of England were prepared to conclude that the prestige and potential profit of holding overseas possessions left a balance on the credit side of Empire. The reawakening of imperialist and protectionist sentiment occasioned by the Franco-Prussian war told in the same direction. In Canada, the same factors counted, lessening the irritation felt over the real or fancied surrender of Canadian rights and the concern over the military weakness of England's position involved in Canada's helplessness. The deep-seated love for the old land, the dependence born of generations of colonialism, the preoccupation of politicians with immediate personal or party issues, all made against any immediate action. Much of the nationalist feeling was turned into protectionist channels: the National Policy of Protection, which was brought forward soon afterward, professed to offer an economic Declaration of Independence more effective and more practical than any proclamation of political independence could be.

The discussion had not, however, been in vain. Galt and those who with him urged Canada to take on the

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stature and responsibilities of nationhood did much to rouse the nation from contented colonialism. They emphasized one of the goals toward which Canada was steadily to strive: national autonomy. Later, Galt was to take a leading part in advocating a different means of securing the share in the world's affairs he had at heart—imperial federation. Posterity has not accepted either of the policies he urged in its entirety, but the ideal of the Empire as a partnership of equal and independent states which it has been the task and the achievement of these later years to work out, takes heed of both aims, reconciling them in a fashion that few in earlier days foresaw.

Galt was not in the House when the question of the ratification of the Fishery agreement came before it. He had, it has been seen, decided to retire at the expiration of the term of the first Parliament of federated Canada. Yet the turn of the political wheel soon brought insistent demands that he should re-enter the struggle, and take the leadership of a reconstructed Conservative party.

In the House elected in 1872, the position of the Conservatives was much less impregnable than in the earlier parliament, though the Liberals were themselves weakened by the rivalry between Mackenzie and Blake for the leadership. Sir John Macdonald would have maintained his power unchallenged for another term, however, had not the revelations of the acceptance of huge campaign contributions from Sir Hugh Allan, one of the rival promoters of a Pacific railway scheme, driven him from office before an outburst of public indignation. There was still a Conservative majority in the House, and it was by no means inevitable that the Opposition leader would be called in to form the new ministry when Sir John resigned.

Galt was absent from the country at the time parliament assembled in October, 1878, to consider the report

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of the Royal Commission which had been appointed to investigate the charges. He had been in Ottawa when the question of the procedure to be followed, inquiry by a committee of parliament or by a royal commission, and the question of the prorogation of the House pending investigation by the latter body had been under discussion, and had been called on by Lord Dufferin for advice, as being the only Privy Councillor not involved in active party strife. This advice, after some hesitation, he had given. Having renounced any further parliamentary ambitions for himself, he had not cared to remain in the capital, waiting for something to turn up, and had gone to England on business.

"I have but little doubt," declared Sir Richard Cartwright in his *Reminiscences*, "that if Sir A. T. Galt had been in the House, or even in the country at that moment, he might easily have been sent for. . . . I thought at the time, and I found afterwards, that I was probably correct, that had Sir A. T. Galt been in Canada at the time he would have been asked to lead a joint party. You will observe that in the House, as it then stood, the regular Liberal party was in a minority, and the result of an appeal to the people was quite uncertain, while it was pretty clear that a large section of the Conservative party were not inclined at the time to have anything more to do with Sir John. These men would cheerfully have supported a Government presided over by Sir A. T. Galt, and failing him, a great many would have accepted Blake."

The soundness of his opinion is borne out by many indications. On Galt's return to Canada he was besieged by requests to take the field. A Conservative editor writes him shortly after his return:

Cobourg, Ont., Nov. 17, 1873.

Dear Sir Alexander:

I see a rumour in the papers to the effect that you have been asked to join the present government. If there is any prospect of your doing so, I would like to know it, so as to shape our political

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writings to suit the proposed change. Our six members would all support you, and you would have the strongest personal following of any member of the Cabinet.

If you take no action in the matter, but remain an independent, as heretofore, our members would continue to support Sir John. They don't like Mr. Cartwright, and won't support the present government on his account.

Yours truly,

H. J. RUTTAN.

A Quebec editor urges him in still stronger terms:

Quebec, January 5, 1874.

Why not come out now? Party knocked all to smash. We want a leader for Quebec. You were out of the Pacific mess.

S. B. FOOTE.

The shrewd Eastern Townships politician, J. H. Pope, who had of recent years been inclined to follow other leaders, now writes to urge him back:

Cookshire, Dec. 31st, 1873.

My dear Sir:

I have been wanting to see you about political matters for some time. You seem to me to be the man best able to advise, and, I think, best able to lead, of any man in the Province or in the Dominion. What do you say about the present position or about going into active political life? Webb wants to give up, I am told. You could carry the county easily. Would you do it?

Yours very truly,

J. H. POPE.

Still more significant was the appeal from Alexander Campbell, Sir John Macdonald's law partner:

Kingston, 6 January, 1874.

My dear Galt:

What of the coming elections? Shall you be a candidate? I hope so very earnestly. Your presence again in Parliament would be of essential service, I think, to the country and to our party. In Lower Canada especially, but extending all over Canada, almost everyone interested in public affairs and holding Conservative views, would hail your reappearance with infinite satisfaction, and in my opinion the time is coming when a large party in both

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Houses will be seeking in new alliances an outlet from dilemmas which trammel them now.

Brown, in the Senate, unless he is much changed, will soon assume the role of member and guide to the Ministry, and will push his influence until some of its members rebel. I do not look on Cartwright remaining very long with them, nor Albert Smith nor Scott.

What do you think of Cartwright as a Finance Minister? He is likely, I fear, to be tried by hard times and a tight money market, do you not think?

Come back to political life and we will pull together, and seek to put together all that may be found from all the provinces opposed to the present men.

Faithfully yours,

A. CAMPBELL.

In spite of these flattering appeals, and of his own interest in politics, Sir Alexander declined again to enter the arena. Requests to join forces with the Opposition were equally unavailing. His relations with the Liberals became more friendly than they had been when he first broke from his own party, but they did not go the length of alliance. He came to have a deep respect for Mackenzie, which was fully reciprocated. Later in 1873 the new premier sought his services in settling the unfortunate dispute with British Columbia in which rash promises, extravagant demands and hard times had involved the Dominion:

Ottawa, Dec. 25, '73.

My dear Mr. Galt:

I was very sorry that I missed seeing you on Tuesday in Montreal, as I wished very much to consult you about some matters of importance. We may have to try to effect some compromise with British Columbia regarding the railway terms of union as it is manifestly impossible for us to complete the Railway even on their soil within the time specified in the terms of Union. We have thought of sending some person to confer with them and endeavour to effect some other arrangement before the meeting of Parliament. If anyone is sent he must be one well known in the Dominion and possessed of influence and standing in the country.

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Would it be possible for you to consent to be the plenipotentiary in the event of our deciding on such a course? In the event of your entertaining the proposition I will communicate fully with you regarding our plans and the present state of the proposed Railway. I have only mentioned to Blake and Cartwright my intention to write you with this request, but I know all the other members of the Cabinet would be delighted to know you could go on the proposed mission.

I am, My dear Sir,
Yours faithfully,
A. MACKENZIE.

Sir A. T. Galt,
Montreal.

Galt felt compelled to decline:

Montreal, 2 January, 1874.

My dear Mr. Mackenzie:

Unfortunately I went to Toronto the day after Xmas, and consequently did not receive your note of the 25th ult. till my return yesterday.

Allow me to thank you for the mark of your confidence contained in the proposed mission to British Columbia. I believe your policy on the Pacific R.R. would have presented no difficulty in the way of my accepting the trust. But unfortunately my own personal engagements seem on reflection quite to preclude my acting and I have therefore no other course left but to decline.

Yours very faithfully,

The Honourable A. Mackenzie.

A. T. GALT.

Somewhat later, it came to be widely believed that Galt would re-enter politics on the Liberal side. In an open letter to Senator Ferrier, September 3, 1875, he declared:

"While willing, if required, to re-enter Parliament, it would not, according to my convictions of duty, be possible for me to do so, either as a supporter of the present administration, or as a member of the Opposition under Sir John A. Macdonald.

I continue to belong, with very many others, to that section of the so-called Conservative party, which regretfully acquiesced in the condemnation passed by the country, upon the late Administration. And I cannot blame those members of our party who found it their duty to sustain Mr. Mackenzie's efforts to carry on the government, which he would have been utterly unable to do if

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dependent only on the support of his immediate political friends. The exigency of the hour necessitated a breach in the former party, and had I then been in Parliament Mr. Mackenzie would have received from me all necessary support. This necessity has now passed away, and the Administration must henceforward be judged by its own merits, and not supported from any alleged fear that their resignation would absolutely restore Sir John A. Macdonald to power. My conviction in reference to this latter contingency is that notwithstanding the great and acknowledged public service by that gentleman, it is impossible to ignore the circumstances that led to his defeat. I regard his election as leader of the regular Opposition as a grave mistake, which tends to perpetuate the breach in the party, and will ultimately lead either to the formation of new party lines, or to the final adherence of many of our friends to the Liberals."

Galt went on to attack the plan of immediate construction of the Canadian Pacific, without relation to settlement, and to set forth his views on the question of trade policy which was then coming to stir the public mind. His views, he declared, had ripened but not changed since he had arranged the tariff in 1859 and modified it in 1866; the policy of incidental protection or modified free trade, he still believed to be in the country's best interest. In applying that policy, however, regard would have to be paid to the change in conditions involved by the adoption by the United States of a high tariff. "For my part," he continued, "I am heartily tired of efforts at conciliating the United States commercially. We meet with no response from them. Our canals are open to their vessels, theirs are shut to ours. They trade on equal terms with us in our own waters, while our ships are excluded from theirs. I do not say that we should retaliate, but I affirm most strongly that henceforward the sole consideration as regards our trade relations with the United States should be the effect upon ourselves."

In an address in Toronto, in the following June, Galt repeated this position, and made the suggestion, which he was to urge repeatedly in future years, and which was to

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bear fruit twenty years later, that the products of the Mother Country should be given a tariff preference over those of the United States.

These and similar expressions of opinion made it clear that Galt was not prepared to side wholly with either party, or to make the sacrifice of personal opinions which a re-entry into politics would involve. If any further evidence of this attitude was required, it was supplied by the stand which he took on another question which was agitating the public mind, but which most politicians were keen to leave alone—the relations of Church and State in Quebec.

CHAPTER XV

Church and State

The Rise of Ultramontaniam—The Movement in Canada—Galt Takes the Field—The Triumph of Moderation.

JULY 1, 1867, was a momentous day in Canada's and in the world's history. On that day Canada's national existence began, the North German Confederation, forerunner of the later German Empire, was formed, and Pope Pius IX announced to five hundred bishops assembled in Rome to celebrate the martyrdom of St. Peter that he would convene an ecumenical council of the Church, under the auspices of the Immaculate Virgin, to consider weighty matters of faith and policy. It was nearly fifty years before the significance for Canada of the organization of Germany under Prussia's leadership was to become manifest. The bearing of the events occurring in Rome became clear before five years had elapsed. The triumph of ultramontaniam in Rome was echoed in a vigorous assertion of ultramontane ambitions in Canada, and especially in Quebec.

From his first entrance into Parliament, Galt had been considered the representative of the English-speaking Protestants of Lower Canada. He was their outstanding man. For the greater part of the decade before Confederation he was in a position to voice their interests in the cabinet. When Confederation was in the making, it was his special task to secure guarantees for the protection of their interests in the new province in which they would be in so small a minority. Now, when those

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guarantees appeared to be in danger, he came forward to champion their cause once more.

In the later years of the Union period, the relations between Protestant and Catholic in Lower Canada were on a very satisfactory footing. The denunciations of priestly domination heard in these years came from Upper Canada, not from the Lower Canada Protestants. The leaders of the French-speaking majority, both in Church and State, were moderate and tolerant men. "At the date of the discussion of Confederation," Galt wrote in 1876, "it may be admitted that appearances justified great confidence in the liberal and generous action of the French-Canadian majority. Politically, they had been for many years under the leadership of men of known and tried liberality. LaFontaine, Morin, and Cartier, were names synonymous with upright dealing and even-handed justice irrespective of race or religion, whilst at the same time the course of the Roman Catholic hierarchy and clergy had ever been distinguished by such devotion to their duty of inculcating piety and virtue, and such moderation towards all who differed with them, that it may truly be said they had earned the respect and confidence of all."¹

This harmony was soon rudely disturbed. The advance of ultramontane principles across the sea gave a stimulus to a much more aggressive policy, and the dominance of the French-Canadian majority in the local legislature gave opportunity for the leading clerics to attempt to apply this policy in securing a new relation of church and state in Canada.

In the Roman Catholic Church in Europe many currents had struggled for the mastery. The gradual decay of the Pope's temporal power in Italy led to ever more uncompromising assertions of his spiritual overlordship. In France, the eldest daughter of the Church, the old Gallicanism, the insistence upon the independence of the

¹*Civil Liberty in Lower Canada*, p. 8.

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national church, gave way to ultramontanism, the assertion of the sole and supreme authority of the power beyond the mountains, the Pope, in all matters ecclesiastical. It was not yet determined in what direction this supreme authority would be exerted. Many were in hopes that the Pope would range himself on the side of liberty and democracy and seek to win all Christendom under this banner. In France, itself, under Lamennais, Montalembert and Lacordaire, the ultramontane and the liberal movements in the Church were for a time identical. When Pius IX became Pope in 1846, he was hailed as a liberal, and at first showed keen sympathy with the democratic ideals of his time. Then came the revolutions of 1848, which shook so many rulers' thrones, and for a time drove the Pope from Rome. The excesses of the revolution everywhere led men who had anything to lose to rally round an unchanging church as the best bulwark against anarchy, and the Pope himself showed the same reaction. From 1850 onward he gave himself to an uncompromising hostility toward all the ideals on which the century most prided itself. Those who, like Lacordaire, wished to accept democracy, to preach and practice toleration, to assimilate and reconcile all new truth and science to Catholicism, were denounced as Liberal Catholics, even more dangerous, because more subtle, than those out and out Liberals who on the Continent had become frankly anti-clerical. The ultramontane wing rejected all compromise, raised the claims of the church over civil society to the highest medieval mark, and openly adopted the policy of stirring the passions and tightening the allegiance of the faithful rather than of attempting to conciliate those without the pale.

This aggressive attitude was first made clear to the general public by the issue of the Syllabus in 1864. In this collection of errors and heresies which were stated to be explicitly condemned, many men not in touch with

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the Vatican were astounded to find such axioms of modern democracy as "that it appertains to the civil power to define what are the rights and the limits within which the Church may exercise authority," "that the Church has not the power of availing herself of force or any direct or indirect temporal power," "that in the case of conflicting laws between the two powers the civil law ought to prevail," "that the State ought to be separated from the Church and the Church from the State," "that in the present day it is no longer expedient that the Catholic religion shall be held as the only religion in the State, to the exclusion of all other modes of worship," "that it has been wisely provided by law in some countries called Catholic, that persons coming to reside therein shall enjoy the public exercise of their own worship," and "that the Roman Pontiff can and ought to reconcile himself to, and agree with, progress, liberalism, and latter-day civilization." In the Encyclical which accompanied the Syllabus, Pius condemned those who urged liberty of speech, of conscience, of worship, and of the press. Then came the great Vatican Council, the first held since the Council of Trent in the sixteenth century. The object of the Council was to promulgate the doctrine of papal infallibility. In spite of determined opposition by French, German and Austrian bishops, the overwhelming numbers of the Italian members of the Council, the activities of the Jesuits, the insistence of Cardinal Manning, and the undisguised wish of Pius himself, resulted in the proclamation on the 18th of July, 1870, of the dogma that the Roman pontiff, when he speaks *ex cathedra*, defining a doctrine regarding faith or morals, is infallible.

The very day after the proclamation of this dogma, war broke out between France and Prussia. Napoleon III withdrew the French troops whose bayonets had hitherto barred the forces of United Italy from Rome. The tem-



LIBERAL LEADERS

GEORGE BROWN
A. A. DORION

JOHN SANDFIELD MACDONALD
FRANCIS HINCKS

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poral power of the Pope collapsed. Nor were his troubles only at home. Ultramontane pretensions led in Germany to the struggle with Bismarck, the *Kulturkampf*, wherein two autocratic powers met face to face; in France, to the conflict with Gambetti, who took as his war cry, 'Le clericalisme, c'est l'ennemi'; in Austria, to a break with the government, and even in faithful Spain and Belgium to unwonted stirrings.

Even before this time, a change had been coming over the temper of the leaders of the Roman Catholic Church in Quebec. "For many years prior to the publication of the Syllabus," Galt declared, "a new ecclesiastical element obtruded itself into the Roman Catholic clerical body in Lower Canada. The peaceful, loyal, modest, intelligent priest, who, in almost a patriarchal spirit, had directed the consciences of a simple peasantry, began to find his domain invaded by the more active and energetic spirit of the ultramontane. The Bishops were brought more directly under the control of the Sacred College, vacancies in the Episcopate were filled with men more suited to the requirements of Rome, greater development was given to the establishment of religious bodies, and the control of education, both in its higher and inferior branches, was sought to be placed in the hands of the priesthood. But until after the promulgation of the Vatican Decrees—that is, long subsequent to the date of Confederation—no pretension of interference in civil matters was put forth, beyond the legitimate influence which no one desires to deny to the clergy of all persuasions, in their character of citizens. Can it," he concludes, "with any truth be said that this state of things exists to-day?"²

One of the incidents which showed the new temper of the hierarchy was the campaign waged by Bishop Bourget

²*Loc. cit.*

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against the *Institut Canadien*, with its sequel in the Guibord case. The *Institut Canadien* was a literary society, with library and reading rooms, which had been organized in Montreal in 1844. Its leading members were of the old Rouge stock, strongly insistent upon freedom of thought and discussion within the Church. The society came under the ban of Mgr. Bourget for having in its possession, it was alleged, books forbidden to the faithful to read. In 1868 an address before the society by L. A. Dessaulles, urging toleration and union of men of all creeds in intellectual tasks, brought an edict from Rome that all persons persisting in remaining members of the *Institut* or in reading the report of Dessaulles' address, would be deprived of the sacraments. In the following year, a member of the society, Joseph Guibord, who had been denied the last rites because refusing to withdraw from it, died, and was thereupon refused burial except in unconsecrated ground. Fighting champions of the *Institut*, notably Joseph Doutre, invoked the decision of the courts as to whether under the ecclesiastical law inherited from France, Guibord was under any valid sentence which would warrant the refusal of burial with church rites. The case went to the Privy Council, and in 1875 the decision was rendered that since the authority of the Inquisition had never been accepted in Canada, and since the action of the Church authorities was not in accordance with the old Quebec ritual, the body of Guibord must be admitted to burial in the usual fashion. After much agitation this was done, but Bishop Bourget at once countered by declaring that part of the cemetery interdicted and separate from the holy ground. A year later an obedient legislature confirmed his power so to act.

It was not surprising that the Church should attempt to discipline such radicals; obstinate laymen met a still more obstinate prelate. It was more significant of the new tendency that the war was carried on against the

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moderate men in the ranks of the clergy itself. A long struggle broke out between Bishop Bourget and the Sulpicians, owners of much of the land of Montreal, while the Jesuits, his protégés, sought assiduously to establish and control a university at Montreal independent of Laval, which was too tolerant and easy-going for the new crusaders. Incredible bitterness and contumely toward rival authorities was exhibited by many priests and pamphleteers, including some under Mgr. Bourget's immediate patronage.³

Even this movement might be considered a domestic affair, a matter for the church alone to settle. Not so the growing endeavor of the ultramontane forces to control the course of politics, and to shape legislation upon the lines of the Syllabus and the Vatican decrees. The first notable manifestation of this spirit was seen in April, 1871, when a group of journalists and lawyers "who professed entire submission to the doctrines of the Church and belonged heart and soul to the ultramontane school,"⁴ drew up a course of action, embodied in a *Programme Catholique*. This programme urged all Catholic electors to give their votes only to men who pledged full and complete adhesion to Roman Catholic doctrines in religion, in politics, and in social policy, and who would undertake to put through any change in the laws demanded by the bishops as in the interest of the church, including legislation upon marriage, education, erection of parishes and other matters. Ordinarily speaking this would involve supporting the Conservative party, the defender of authority, the sole party which offered serious guarantees for the interests of religion. If the rival candidates were a Conservative of any shade and a follower of Liberalism, there would be no difficulty in choos-

³E.g. Alp. Villeneuve, *La Comédie Infernale*.

⁴Statement of F. X. A. Trudel, in Savaète, *Vers l'Abîme*, Tome II, p. 118.

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ing; if both were Liberals, the one who would subscribe to the Programme should be voted for; if a Conservative who rejected the Programme was running against an "opposition" candidate who accepted it, "the situation would be more delicate," and the advice was to abstain from voting. Protestants were to have the same freedom of worship and control of their religious affairs as was claimed for the Catholics.

This extraordinary manifesto appeared in several ultramontane newspapers in April, 1871. It was strongly endorsed by Bishop Bourget and by Bishop Lafleche of Three Rivers, who was to prove an able second to his Montreal confrère. Archbishop Taschereau, who had succeeded Mgr. Baillargeon and held the same tolerant views, at once declared that the Programme had not his authorization and the Bishops of Rimouski and St. Hyacinthe took the same stand. The open dissensions in the ranks of the hierarchy led to stern monitions from Rome: in 1874, Cardinal Patrizi, on behalf of the Congregation of the Propaganda, wrote to Mgr. Taschereau, referring to his conduct as too precipitate and strictly enjoining all the Bishops to publish nothing which might give ground for imagining divisions of opinion in their ranks.

The attempt to establish a solid Catholic or Centre party, under the control of the clergy, based on the success of a similar policy in Germany and elsewhere in Europe, met with stout opposition not only from the Liberals who were primarily threatened, but from Cartier and other Conservatives who were equally reluctant to accept dictation. Yet the movement made steady headway. Many Liberals bowed before the storm, seeking to avert responsibility for the sins of the openly anti-clerical Rouges of the forties and fifties by reorganizing as *Le Parti National* and avowing full sympathy with the Church in religious affairs. But their enemies would not

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give them peace, and soon the episcopal batteries were directed against them in force.

On sundry occasions the Bishops had found it advisable to counsel their flock on political matters. Pastoral letters issued in 1854, in the second Provincial Council, had urged the clergy to remain neutral in matters not involving religion; a letter issued after the Fourth Council in 1868, showed the shift in emphasis, condemning strongly the monstrous error that religion had nothing to do with politics. Next, the thunders were directed against Catholic Liberalism. Since, Mgr. Lafêche declared, the frankly anti-clerical Liberalism of early days had been compelled to beat a retreat in face of the firm attitude of the church authorities, and had endeavored to disguise itself under the less forbidding aspect of Catholic Liberalism, it became necessary to check this manoeuvre. A pastoral letter issued in 1873, and still more emphatically, one issued by all the bishops, including Mgr. Taschereau, in September, 1875, denounced that subtle serpent, that insidious plague, Catholic Liberalism. The signs by which the evil could be detected were, a tendency to subordinate the Church to the State, an easy-going toleration, which blotted out the distinction between truth and error, a desire to breed dissensions, and an hypocrisy which concealed a boundless pride. As to Catholic policy, the doctrine that the clergy must confine themselves to the sacristy was intolerable. Was not the priest a citizen like other men? Further, were there not political questions in which the clergy might and must intervene in the name of religion? A political party might be adjudged dangerous, not only because of its programme and its traditions, but because of the programme and the traditions of its leaders or its press. In such cases the priests and the bishops must warn of the danger, declare with authority that to vote in such a way is a sin; they must speak not only to the electors but to the constituted authorities. The pastoral

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did not explicitly identify the Liberal party with Catholic Liberalism, but, as Mgr. Lafèche put it, it would not be strictly true to say that that party had not been condemned.

In a confidential document reviewing the whole situation, Mgr. Lafèche later made clear the course of action the clergy wished to mark out for the obedient voters and authorities. The Syllabus, he declared, had been printed in the newspapers but had not been enacted into law. Since the Canadian legislature had in 1851 explicitly promised freedom of religious worship to all, the Roman Catholic religion, being admitted, must be admitted as it was, not subject to intolerable limitations on the power and authority of its bishops. The laws were infested by Gallican and parliamentary survivals. The sovereign pontiff was not recognized as having the right to make laws which would bind governments. If those who governed recognized that right in the Pope, they would submit to him, would efface from the statute-book everything contrary to the Syllabus. The Church should be given recognition as an independent society, with the right to hold possessions; the Church alone should have authority over marriage, power to prescribe the forms, to pronounce impediments and to decide matrimonial cases; ecclesiastics should not be summoned before civil courts for acts done in the course of their religious duty.⁵ Or, as another fearless Ultramontane, the Jesuit Father Braun, summed it up: The State must be entirely subordinated to the Church, must give its civil sanction to the decrees of the Church, and defend and enforce all her claims, both civil and spiritual.

How put these principles into practice? For the layman, Mgr. Bourget declared in a pastoral letter, February 1, 1876, the way was simple: let each say in his heart, "I hear my Curè; my Curè hears the Bishop; the Bishop

⁵Savaète, *op. cit.*, p. 147, seq.

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hears the Pope, and the Pope hears our Lord Jesus Christ, who aids with his Holy Spirit in rendering them infallible on the teaching and government of his Church."

Many of the clergy were not slow in dotting the i's and crossing the t's of the episcopal advice. In the provincial elections of 1875 they were active and outspoken in identifying Catholic Liberalism with the Liberal party, and in using all their powers of spiritual terrorism to ensure the return of members subservient to the Church's most extreme claims.

These developments, though effecting primarily the Roman Catholic citizens, were not without significance for Protestant observers. In May, 1875, Galt wrote to J. G. Robertson, then Treasurer in the provincial cabinet of M. de Boucherville, asking for assurances that the government would not bow to the authority claimed by the hierarchy. The pressure put upon the press of the country, and the claim advanced, with ever-increasing arrogance, to the right of the Roman Catholic Church and its hierarchy to control and direct the scope of political action and public law within the province of Quebec, he declared, were an attempt to put the policy of the Vatican Decrees into practice. They made clear that the old tolerance and friendliness were passing. At present the aim was merely the complete subjection of the more independent Roman Catholics, but, these once subdued, the turn of the Protestants would come. Since Cartier's death, the Conservative party had evidently fallen under the baneful influence of foreign intrigue; it was time for a declaration of civil independence. Robertson hastened to reply that the government was united in disclaiming any intention to infringe in the slightest way upon the status and privileges of the Protestants in the province. This did not cover the whole point, but for the moment Galt accepted the assurance.

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He next endeavored to rouse Sir John Macdonald to the seriousness of the situation. Macdonald's replies to his suggestions are very illuminating:

Toronto, June 2, 1875.

Confidential.

My dear Galt:

I have yours of the 1st and hasten to say that I hope you will use all your influence, and with promptness and energy, to prevent a split in the British wing of the Conservative party. The pretensions of the Priests are absurd, but they will be fostered and supported by the French of both parties, Rouge as well as Bleu. The true policy is for the Conservatives to use all the priestly influence they can and get a Conservative majority in the local legislature. A Conservative majority in the Dominion Parliament will soon follow, and that majority may be trusted to put in full force your Educational Clauses in the B.N.A. Act, if there is any attempt to trample on the Protestants.

The present Dominion Government, Mackenzie and Co., have shown the greatest possible amount of obsequiousness to the R. C.'s up here and in New Brunswick, and will do so—must do so—if a religious or educational question arises in Lower Canada. If therefore by the action of the British party, a Rouge Government is formed, then the British will find themselves thrown over by their Rouge allies, who have learnt by experience that it is necessary to be Catholics first, Rouges afterwards. And there will be no use in them appealing to the Central Government, a government placed in power and kept in power by Archbishop Lynch and the Catholic League in Ontario. It would indeed be good policy, or rather good luck, for the Protestants in Quebec, if an attempt were made by Bishop Bourget to override the B.N.A. Act in the new legislature. It would bring matters to a head.

Use the priests therefore for the next election, but be ready to fight them in the Dominion Parliament. For that purpose you should be there. The Clauses are yours, and it would put you in a very strong position to be the champion and exponent of the rights and claims of the British party. But you can fight this battle successfully only with your old allies. . . .

Yours always,

JOHN A. MACDONALD.

Hon. Sir A. T. Galt.

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Toronto, June 8, 1975.

Confidential.

My dear Galt:

Thanks for yours of yesterday. I need not say that I am very glad you have secured through Robertson the necessary assurances from De Boucherville. I quite agree with you that the course of the Ultramontanes, if persisted in, must unite all Protestants against them, but what I want is that the Conservatives should be at the head of that movement, when it proves actually necessary to move. For that reason the split should be postponed and the arrogance of the Priest party borne with as long as possible, although I must confess it is hard to bear. Everything is to be gained, however, by putting off the severance. Mind you, ultramontaniam depends on the life of two old men, the Pope and Bishop Bourget (in Canada).

Now there can be little doubt that there is an agreement between the Catholic Powers that the next Pope shall not be ultramontane. In fact, it is absolutely necessary for Europe that he should be a liberal Catholic, who will cure the split in the Church and bring back the Old Catholics to the fold.

The Pope being infallible, his utterances, whether Liberal or Ultramontane, must be accepted by the Hierarchy and Priesthood all over the world. Old Bourget will disappear ere long, and join Pio Nono, and the Coadjutor Fabre, a liberal in politics, will readily become liberal in matters ecclesiastical.

Do you think it would do any good for me to write De Boucherville about McGill? If so, send me the facts.

The sooner you are in Parliament the better for your objects. See to it.

Yours sincerely,

JOHN A. MACDONALD.

Sir A. T. Galt.

The letters reveal a shrewd reading of the situation, particularly in its European aspect, and a typical reliance upon the probability of time solving all problems. In assuming, however, that in Quebec Ultramontaniam stood or fell with Bishop Bourget, Sir John showed that he did not fully realize the position there. In any case, Galt was not the man to compromise with conviction, and to follow the ingenious and precarious policy of fighting

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the devil with fire, accepting aid from the ultramontane group in order to be strong enough to control them on some future day.

A continuance of the ultramontane campaign led in December, 1875, to the formation in Montreal of a Protestant Defence Association. In the same month, Hon. L. S. Huntington, Postmaster-General in the Mackenzie ministry, speaking in a bye-election contest in Argenteuil, set the heather on fire by declaring that it was the action of English Protestants in supporting for twenty years the Conservative party that had given ultramontaniam its opportunity, and by calling on them henceforth to ally themselves with the French Liberals to defend free thought and free speech. This counter attempt to organize parties on religious lines was natural but ill-advised, and was at once repudiated by Huntington's colleagues. Yet it was clear that in some way the unwillingness of the Protestant minority to submit tamely to the arrogant pretensions of the New School ought to find expression. Galt decided to make public his views on the crisis.

In a pamphlet of some sixteen pages, *Civil Liberty in Lower Canada*, issued in February, 1876, Galt stated his uneasiness over the change in the attitude of the Roman Catholic hierarchy. The clergy, he insisted, whether Protestant or Catholic, must be forbidden to interfere with secular officers in any other character than as ordinary citizens. "It is repugnant to all proper feeling," he continued, "that the tremendous weapons of religious anathema should be lightly used in mere secular warfare, or that the hold over the human conscience entrusted to the Minister of God should be exercised for any other purposes than those of piety and moral purity." It was not consistent with the good government of the country that any portion of the people should be held in such bondage as Bishop Bourget aimed to ensure. He did not think it advisable to proceed on the lines of the Protestant

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Defence Association, but rather to appeal to men of all religions to range themselves on the side of freedom: "With a plain and unmistakable declaration on the part of the Protestants that they will, equally for their Roman Catholic fellow-citizens, as for themselves, resist the encroachments of the Church upon the State, it may be possible to arrest the arrogant course of Bishop Bourget and his confrères."

This straightforward message had a wide influence. Many of both races and creeds welcomed its plain speaking, though others declared it inopportune. Few could question the seriousness of the situation in which the Roman Catholic citizens of Quebec and the Dominion would be found if the ultramontane wing of the hierarchy had its way, but it was urged that this was not a matter that concerned the Protestants of the province, who had been given the widest possible freedom in managing their own affairs. Archbishop Lynch, of Toronto, after denying, like Cardinal Manning in his reply to Mr. Gladstone's attack on the Vatican Decrees, that the relations between Church and State had in any way been changed thereby, insisted that Sir Alexander's fears were groundless, and that the Protestants of Quebec enjoyed much greater privileges than the Roman Catholics of Ontario. The *Nouveau Monde*, Bishop Bourget's special organ, declared that the Church had a right to expect better of a man who hitherto had only to felicitate himself on the liberality with which he and his co-religionists had been treated by the Catholic majority in the province; and then in the same issue proceeded to illustrate its ideal of toleration by citing as a legitimate use of the influence of the clergy instructions given by the Spanish bishops of Catalonia on the eve of an election: "Freedom of worship is forbidden in the Syllabus; no Catholic can vote for that disastrous freedom or send as representative to the Cortes those who have decided to establish it in Spain."

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H. G. Joly de Lotbinière, the French-speaking Protestant who led the Liberal party in the province, emphasized the fact that in the past the English-speaking Protestants had thrown their weight in favor of the very party which the Protestant Defence Association was now attacking, and urged them in future to be a little less keen after the loaves and fishes, and a little more anxious to secure good government, that is, to support a party which would give equal rights and full liberty to all. The opinions of those Protestants who believed in a policy of neutrality were stated most forcefully in a pamphlet by Thomas White, the ablest and most promising of the younger leaders of the Conservative party in Quebec.* White contended that there was no evidence of any change in the attitude of the majority toward the minority, that the situation was much the same as when Sir Alexander was a colleague of Cartier's and Upper Canada priest-baiters were denouncing both, and that the Liberals of Quebec were fully as submissive to the hierarchy as the Conservatives. He joined Sir Alexander in regretting that the school legislation of the previous session had placed Catholic education wholly under clerical control, but pointed out that this act had not been opposed on either side of the House, and that by the same measure Protestant education had been placed equally as fully under Protestant control. "The Protestant minority in the Province of Quebec," he concluded, "have had no reason up to this time to doubt the liberality and fairness of the majority in all matters affecting their interest. The guarantees which you secured for them at the time of Confederation remain to this day intact. No suggestion has ever been made looking to their abrogation. No request made by

**The Protestant Minority in Quebec in its Political Relations with the Roman Catholic Majority: a Letter Addressed to Sir Alexander Tilloch Galt, K.C.M.G., Montreal, 1878.*

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Protestants has ever been refused. . . . With the family quarrels of the majority they have nothing to do, and their best interest will be secured by preserving that position of neutrality which has hitherto marked their conduct."

The school legislation to which Mr. White referred, it may be noted here, afforded a very good instance of the power and policy of the hierarchy, and of the attitude of the Protestant minority, the wisdom of which Galt was calling in question. When the province of Quebec had been formed in 1867, the premier, P. J. O. Chauveau, formerly superintendent of education, created and took for himself the portfolio of Education. Under the control of this department, Roman Catholic and Protestant committees were given a wide measure of autonomy in controlling their respective schools. The church authorities, however, were not content with an arrangement which admitted the supremacy of the state in matters of education. In 1875, under De Boucherville, a change was made whereby the portfolio of Minister of Education was abolished, and full control of Roman Catholic education was given to a committee consisting of the Bishops and of an equal number of laymen, with Protestant education similarly under the control of a Protestant committee. In this matter, and in connection with the administration of charities and other activities, the majority of the Protestants were prepared to purchase freedom for themselves by acquiescing in the control of the clergy over their fellow-citizens. They secured temporary advantage; whether the policy would be to their interest and to the interest of the state in the long run, Galt had come to doubt.

Galt replied in April to these and other criticisms, in a longer pamphlet, *Church and State*, dedicated to Mr.

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Gladstone.' His purpose, he declared, was to protest against the efforts now being made by the Roman Catholic hierarchy of Quebec to impose upon those belonging to their communion the extreme doctrines of the Italian ecclesiastical school. The treatment fell under three heads. First, had the attitude of the hierarchy changed since Confederation? The Vatican Decrees and their echo in the strife in France, Germany and Spain, showed the change in the general policy of the Church;—a policy, however, of extraordinary elasticity, exclusive, despotic and grasping where, as in Spain, it reigned supreme, but where, as in England, it lacked civil power, moderate and confined to its proper functions of teaching piety and morality. In Canada the same divergence was shown; Archbishops Lynch of Ontario and Connolly of Nova Scotia had followed a moderate and wise course, but the hierarchy of Quebec was seeking to rivet the most extreme pretensions of the Syllabus on the consciences of their people. This charge was driven home by quotations

'Mr. Gladstone had thus acknowledged the receipt of a copy of the earlier pamphlet, *Civil Liberty in Lower Canada*:

4 Carlton Gardens, S.W.,
March 23, 1876.

My dear Sir:

I have read your Pamphlet with much interest and I am very glad that you intend to play a manful part in the contest with Ultramontaniam, as that formidable power has selected your quarter for one of its present points of attack upon human liberty.

My own action in this warfare is, I hope, completed, but I watch the struggle everywhere with great interest.

Most cordially do I agree in the sense of your concluding paragraph [opposing the policy of the Protestant Defence Association]. It is folly, it is almost madness, to mix this question with the Protestant Propaganda, in this country at least, so I read with deep concern an account of a recent exhibition in Canada by a late R.C. priest which I hope was not true, for if true his conduct was, as far as I could judge, profane.

Such conduct serves the purpose of the Court of Rome far better than any other conceivable line of action, or than the most servile obedience.

Believe me,
Faithfully yours,
W. GLADSTONE.

Hon. Sir A. T. Galt.

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from official utterances showing that the Quebec hierarchy asserted the superiority of Church over State, the right to intervene in elections, the right to put the press under ban, and the extraordinary proposition that the Divine assistance claimed to be given the Pope descended with undiminished force to bishops, priests and curés. The provincial government was passing completely under the influence of the hierarchy. The assaults on free thought and speech in the Institut Canadien and Guibord cases, the ban on certain journals, the power given the bishops to divide the whole province into ecclesiastical parishes, the marginal note inserted to the statute referring to the erection of parishes, "decrees amended by our Holy Father the Pope are binding," were most ominous. "The clergy," he continued, "have also succeeded in drawing under their own control the expenditure of most of the public money voted for Charities, Reformatories, and Asylums, also for Colonization; and in the case of Education, have obtained, last session, the entire management of this most important subject, as regards Roman Catholics."

Next, had these changes affected the general rights of Protestants as citizens of Quebec, and especially weakened the Confederation guarantees? Protestant politicians, basking in the sunshine of episcopal favor, declared that all this affected Roman Catholics only; until we are assailed we should act with those who in the past were our friends and allies. The past, Sir Alexander went on, had disappeared. We would look in vain to the present leaders for that independence which characterized the former chieftains of Lower Canada. True, neither Rouge nor Bleu was free from clerical subserviency; he had not urged alliance with Catholic Liberals but with Liberal Catholics. Considering the solidarity of interest which necessarily existed between Protestant and Catholic in Canada, living together in the same country, enjoying

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equal rights, it followed that nothing could occur affecting the welfare of one without materially influencing the fortunes of all. The educational rights of Protestants, in important particulars, rested upon a provincial statute; the representation guarantees, prohibiting alteration of the boundaries of the Eastern Townships constituencies without their consent, illusory at best, were being brought to nothing by the repatriation campaign which was filling them with French-Canadian settlers.* The only real security lay in the federal veto power. "If, then, nothing be heard but adulatory paeans to the hierarchy, to obtain their political support and influence, how can we expect to receive attention when we appeal to a government at Ottawa, almost all of whose supporters from Quebec owe their seats to the clergy?"

Is the issue thus raised, Galt concluded, religious or political? Wholly, he considered, political. Whether the existing relations between Church and State were to be changed, whether the priests were to be permitted to use at our elections an undue influence infinitely more powerful and more dangerous than that of gold or intemperance, whether they should dictate what the people might say or read or think and thus shackle all the energy and intelligence of the young Dominion, these were certainly civil and political issues. Let Catholics and Protestants, irrespective of creed, race or party, unite for the maintenance of the civil rights of the people, and "settle, for our day, at least, the proper and harmonious relations of Church and State."

*The weakness of the Protestant position is brought out by the census figures:

	<i>Prov. of Quebec</i>		<i>Eastern Twp.</i>	
	1831	1871	1831	1871
Number of Roman Catholics..	412,717	1,019,850	1,836	41,499
Number of Protestants	140,417	171,669	84,138	55,784
Proportion of Protestants ...	34%	17%	95%	57%

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Galt followed up this pamphlet by an address in Toronto in June along similar lines which did much to crystallize Ontario opinion on the issue. His protest did not stand alone. Within the Church and without, other voices called a halt upon the faction which sought to make another Spain in Canada. A few weeks after Galt's visit to Toronto, Archbishop Lynch delivered a comprehensive address on the relations of Church and State which set forth a much more prudent and statesmanlike conception of the attitude of the clergy to politics. In Quebec itself, Archbishop Taschereau, supported by the Seminary at Quebec and the University of Laval, opposed the extreme tactics of Bishops Bourget and Laflèche. The latter retorted bitterly, making charges of double dealing and of backstairs influences at Rome astounding in their frankness.* The politicians, too, plucked up heart. The Liberals protested the election of several members, particularly of Hector Langevin in Charlevoix, on the ground of the undue influence exercised by the clergy. The facts were beyond dispute: curé after curé had declared it a mortal sin to vote for the Liberal candidate. Judge Routhier, one of the authors of the Programme, denied that the civil courts had any jurisdiction over ecclesiastics for acts done in their spiritual capacity, but the Supreme Court, in judgments delivered by Mr. Justice Taschereau, brother of the Archbishop, and Mr. Justice Ritchie, rejected the doctrine of clerical immunity and declared the election void. In a famous speech in June, 1877, a rising young Liberal, Wilfrid Laurier, laid down the creed of Political Liberalism, denying for his party any anti-clerical bias, admitting the right of priest and pastor to take a part in politics like other citizens, but

*The confidential documents in the long controversy which ensued between the Taschereau-Laval wing and the Laflèche party have been published, with more frankness than prudence, by an Ultramontane editor, Arthur Savaète, in *Vers l'Abîme, Voix Canadiennes*. Paris, 1908.

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insisting that the right ceased when it encroached upon the elector's independence, and protesting strongly against the attempt to found a Catholic party.

Finally, Rome itself called upon its too zealous servants to halt. An Apostolic Delegate, Mgr. Conroy, sent to Canada in 1877 to inquire into the situation, condemned unreservedly clerical interference in politics. In condemning Liberalism, his instructions stated, the Church did not mean to condemn any political party. In a pastoral issued in October, 1877, the bishops of Quebec, while still insisting that their joint letter of September, 1875, contained the true doctrine of the Church, declared that they had never intended to authorize the priests to take part in the battle of political parties and denounce individual candidates. A year later, Pius IX died, at war with nearly every government in Europe. His successor, Leo XIII, as Macdonald had shrewdly foreseen, was of a more liberal and diplomatic temperament, and bent all his energies to healing the breaches which the intransigent policy of the seventies had effected. His accession confirmed the victory of the moderate element in the Roman Catholic Church in Canada, but the victory had already been won.

The struggle for freedom of thought and speech was not ended, but the most audacious assault upon the common liberties of the people had been repulsed, and courage instilled into the defending ranks. That in future years the old tolerance and moderate policy in great measure revived was due in part, indeed, to the good sense of the leaders of the Church and the independence of a large section of the Roman Catholic laity, but it was due also in no small degree to the refusal of Galt and those who held with him to stand by in timid and time-serving neutrality when pretensions were put forward fatal to any breadth or freedom in public life.

CHAPTER XVI

The Halifax Commission

The Fisheries Dispute—Appointment of the Commissioners—Preparing the Case—Organization of the Commission—Case and Counter-case—The Award and its Reception.

FROM these local questions, or rather these local echoes of a world-wide question, Galt turned to the field of international affairs in which the chief public service of his later years was to be rendered. His first task was to serve as one of the members of the Halifax Commission, appointed under the terms of the Treaty of Washington to determine what compensation, if any, should be paid by the United States for the fishery privileges its citizens had obtained under that agreement. It was fitting that the man who had protested against the sacrifice of the great national asset Canada possessed in her fisheries, and who had urged that the settlement of questions at issue between Canada and the United States should be confided to Canadians, was now given the opportunity to represent the Crown in the difficult task of assessing the value of the privileges which had been given up.

The north-east Atlantic fisheries, easily the richest in the world, had long been at once a problem and an opportunity. In this as in so many other points, the Treaty of 1783, which settled the terms upon which the United States parted from the Empire, sowed the seeds of a century's dispute by the indefiniteness of its language and by the readiness with which the British negotiators relinquished to the more astute American representatives points of vantage for the lack of which the growth

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of the remaining British colonies was long to be hampered. The New England fishermen desired to retain their accustomed privileges of fishing along the northern coasts, which, they insisted, with a cheerful lack of humor, must be theirs whether they were in the British Empire or outside it. They carried their point. The treaty conceded the right of the people of the United States to take fish on the coasts, bays and creeks of all the British colonies, and to dry and cure fish on the shores so long as they remained unsettled.

When the War of 1812 came, there was much dispute as to whether these privileges automatically lapsed. The question was debated in the negotiations that ended in the Treaty of Ghent, but no agreement could be reached. Three years later a special Convention renewed the acknowledgment of the right of Americans to fish in the open sea, and granted them liberty to fish only on the south-western and western shores of Newfoundland, the coast of Labrador, and the shores of Magdalen Islands, and to dry and cure fish on the unsettled parts of south-western Newfoundland and Labrador. For a time the issue died down. Then the exhaustion of the United States coast fisheries, and the growing value of the northern waters renewed the conflict. New England fishermen grew more daring in disregarding the three-mile limit; the provincial authorities grew more strict in enforcing their rights. In this period much of the dispute centred on the headland issue, that is, whether, as the United States claimed, the three-mile territorial limit should follow all the windings of the coast, or whether, as Great Britain claimed, it should be drawn parallel to a line joining the headlands of bays. Repeated seizures roused dangerous passion. The desire to obtain free access to the northern fisheries and to lessen the peril of friction was a strong factor in leading the United States authorities to accede to the Reciprocity Treaty of 1854. Under this

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agreement, United States fishermen were given the freedom of the inshore fisheries of the colonies in part return for the free admission of fish and other natural products to United States markets. This connection between the fisheries and trade reciprocity, the desire to use the fishery privileges which the United States desired as a lever to obtain the trade privileges which the colonies desired, was long to be the distinctive policy of Canadian diplomacy.

With the abrogation of the Treaty in 1866, the dispute flared up once more, intensified by the growth during the treaty years of vested interests on either side. As a temporary solution the Canadian authorities adopted a licensing system, permitting United States vessels to retain the treaty privileges on payment of a fee set at fifty cents a ton in 1866 and gradually raised to two dollars a ton in 1869. Each year fewer United States fishermen took out the license, and more endeavored to take the privileges without leave or license. British and provincial cruisers made many seizures, and an outcry was raised once more. The Canadian Government again made clear its willingness to exchange fishery for trade privileges, but, as has been seen, Sir John Macdonald was not able to effect this, and the Washington Treaty embodied terms which were far from satisfactory to Canada.

Article XVIII of the Washington Treaty granted the people of the United States liberty to take fish on the sea coast and shores and in the bays, harbors and creeks of all the Atlantic provinces, with permission to land and cure fish. British subjects, by Article XIX, were given corresponding privileges on the United States coast north of the 39th parallel of latitude. A further article provided for admitting to each country free of duty the produce of the fisheries of the other. Article XXII may be cited in full:

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Inasmuch as it is asserted by the Government of Her Britannic Majesty that the privileges accorded to the citizens of the United States under Article XVIII of this treaty are of greater value than those accorded by Articles XIX and XXI of this treaty to the subjects of Her Britannic Majesty, and this assertion is not admitted by the Government of the United States, it is further agreed that Commissioners shall be appointed to determine, having regard to the privileges accorded by the United States to the subjects of Her Britannic Majesty, as stated in Articles XIX and XXI of this treaty, the amount of any compensation which, in their opinion, ought to be paid by the Government of the United States to the Government of Her Britannic Majesty in return for the privileges accorded to the citizens of the United States under Article XVIII of this treaty; and that any sum of money which the said Commissioners may so award shall be paid by the United States Government, in a gross sum, within twelve months after such award shall have been given.

It was provided that one commissioner was to be named by Her Britannic Majesty, one by the President of the United States, and a third conjointly; in case of failure so to name the third Commissioner within three months from the date when this article took effect, the Austrian ambassador at London was to nominate. The Commissioners were to meet at Halifax. The foregoing articles were also to apply to Newfoundland.

The treaty was signed in May, 1871. It was not ratified by the Canadian parliament and the legislature of Prince Edward Island until June, 1872, by the British parliament until August, 1872, and by the United States Congress until February, 1873. July 1 of the latter year was fixed as the day when the fishery articles should go into operation, though it took nearly another year to arrange matters with Newfoundland.

Immediately after the fishery articles had gone into effect, the governments of the United Kingdom and the United States began to discuss the choice of the joint arbitrator. Mr. Hamilton Fish, the United States Secretary of State, suggested one after another of the foreign

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ministers resident at Washington, but the British government objected on the ground that their interests and sympathies were closely bound up with the United States. Finally, the British authorities themselves suggested a member of the diplomatic circle at Washington, M. Maurice Delfosse, the Belgian minister. Mr. Fish rejected this suggestion, on account of the close political and dynastic relations then existing between Belgium and Great Britain. At the time the Washington treaty was formed, one of the British commissioners, Earl de Grey, had in fact remarked to a Washington cabinet minister: "We do not wish to suggest Mr. Delfosse, for we suppose you would raise against him the objection that he represents a government supposed to be under the British influence."

No decision was reached before the three months expired, and the choice thus fell to Count Beust, Austrian Ambassador at London, though the question was still kept open for direct discussion between the governments concerned.

At this stage the Mackenzie government decided to make yet another effort upon the lines of traditional Canadian policy. Through Mr. Rothery, Registrar of the British High Court of Admiralty, who had been appointed as agent to prepare the Canadian case, a suggestion was conveyed to Washington that an arrangement for reci-

¹Writing to Galt on February 17, 1877, Hon. A. J. Smith, Minister of Marine and Fisheries in the Mackenzie Government, refers to this incident: "I participate in your misgivings as to the appointment of the Belgian Minister. He is represented, however, to be a man of high character and fine ability, and Thornton writes that he considers we are extremely fortunate in having him for the third man. In August, 1878, this government communicated through Lord Dufferin their willingness to accept his nomination. The American Government refused to accept his appointment, and gave their reasons, which were, that the Belgian Government were entirely under the influence of the imperial government and, in fact, to use their own language, they considered Belgium simply an English province. Subsequently, however, a cablegram was sent by Lord Dufferin to Lord Carnarvon stating that this government objected to the appointment of any Foreign Minister resident at Washington."

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procuity in trade would be preferable to a cash compensation. The suggestion found favour, and in March, 1874, Sir Edward Thornton and George Brown were appointed joint plenipotentiaries to negotiate a treaty. An agreement was drawn up on comprehensive and statesmanlike lines, providing for the settlement of every outstanding issue, but, unfortunately, it failed to secure the assent of the United States Senate. The lack of strong executive advocacy, the opposition of a few petty local interests, given weight by the practice of senatorial courtesy, and the preoccupation of Congress with the currency question, all combined to block a settlement which would have averted a generation's wrangling and advanced the prosperity of both countries. Brown, whose abilities had been displayed to their best advantage in the negotiations, now understood better than in 1866 the difficulties of making treaties with Washington.

With the failure of the reciprocity substitute, the necessity for going on with the Commission to assess the money compensation revived. The Canadian government urged the immediate appointment of the British Commissioner, and insisted, further, that a Canadian should be named. There was little question who that Canadian should be: Galt's acquaintance with United States men and affairs, his interest in the fishery resources, and his judicial temper, as well as his detachment from active politics, all marked him as the man for the post. The premier wrote in May, 1875, asking him to undertake the task:

Ottawa, May 20, 1875.

My dear Sir Alexander:

I telegraphed you to-day to ask if you would act for us on the Fishery Commission under the (in)famous Washington Treaty. Lord Carnarvon wished to name one but I insisted on the name being supplied to them by us. He has agreed, and now waits for us supplying a name, when they will issue the commission. We will

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have a legal adviser with you, of course, and Mr. Rothery will attend on behalf of the Imperial Government. The sittings will be at Halifax, and will commence as soon as the third commissioner is agreed on.

I hope you may be able to accept the position. I was obliged to telegraph you, as Governor Haly wants to leave here to-morrow and he must send the name to the Colonial Secretary before he leaves.

I am faithfully yours,

A. MACKENZIE.

Sir A. T. Galt,
Montreal.

Galt at once replied, agreeing to act. He urged the advisability of seeing to it that the third arbitrator should be not only a man of sound, impartial mind, but a statesman who could appreciate the national and naval importance of the fisheries. He thought it better that Rothery should not come out, as his close connection with the previous discussion of the headlands question would be likely to raise that troublesome issue if he were present.

The United States had as yet not named their own representative, nor taken steps to have the third Commissioner chosen. The arbitration of the Alabama claims against Great Britain, provided for by the same treaty, had been held promptly, in 1872, and a verdict of \$15,500,000 awarded in favor of the United States, by a vote of four to one. The Canadian arbitration was evidently considered much less urgent.

There were two possible weaknesses in the Canadian position against which it was desired to guard. By the Treaty of Washington, four boards of arbitration were provided for different issues; in the cases of three it was explicitly provided that a majority should decide, but in the case of the Fisheries Commission nothing was said upon this point. While the precedents and authority were clearly in support of the power of a majority to bind

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in the absence of any specific provision to the contrary, it was feared that because of the omission of an explicit provision in this one of the four arbitrations, the United States, in the contingency of its commissioner dissenting, might decline to accept the award. A further question turned on an informal offer which Sir Edward Thornton declared had been made by some British representative to accept \$200,000 a year in full settlement, an offer which might prove embarrassing if official and substantiated.

On the latter point Galt sought light from Macdonald:

Montreal, 27 May, 1875.

My dear Macdonald:

I had hoped to have seen you when passing through Toronto on Wednesday, but one thing and another interfered.

You will see that I have accepted the position of Fishery Commissioner. When offered to me, I was at Cincinnati, and it came by wire. After reflection I thought it my duty to accept, though fully conscious that there may be but little credit to be gained by it.

My gravest fear is that I shall not get proper support from the Imperial Government, who invariably show undue anxiety to conciliate the Yankees. On this point I am most desirous of hearing from you, confidentially, the tone of their instructions while you were at Washington. One thing especially I want to be thoroughly posted upon, and that is the reputed offer by the British Commissioner to settle the question for \$200,000 per annum. Was this offer formal or merely tentative? Could the U. S. now bring it up as our own estimate? Did you assent to it on the part of Canada? What answer was given and in what position was the matter finally left?

I have heard that the so-called offer by Sir E. Thornton was not approved, but it is not clear to me whether fault was found with it as inadequate, or why.

Now there is no one who can so well state the real inner history of this negotiation as yourself. And I am sure you will be ready to give me every help in your power to defend our national interests in this business.

Please write me as soon and as fully as you can. I am going at once to master these details of our case, and to settle the best

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form of presenting it, and I need not say that a knowledge of weak points is perhaps even more essential than of strong ones.

Believe me,

Yours sincerely,

A. T. GALT.

The Right Honorable

Sir J. A. Macdonald.

Macdonald at once replied:

Toronto, May 31, 1875.

Confidential.

My dear Galt:

I have yours of the 29th, and am sorry I missed you, as I should have liked to have talked over the Fisheries with you. There can be no doubt of the wisdom of the selection of the Canadian arbitrator, but the responsibility will be great. The value placed by the Maritime Provinces on these Fisheries is so large that no award is at all likely to satisfy them, and a terrible howl will be raised from that quarter. Still, I think, you were right in accepting as a matter of duty to your country.

With respect to the support to be expected from the Home Government, I cannot say much. In 1871 Gladstone was Premier. Lord de Grey was utterly nerveless and without backbone, and received with impatience my assertions of Canada's claims. In fact, I got little support from him, and on one occasion when we differed an appeal was made to Gladstone, who supported me against His Lordship. Northcote, the present Chancellor of the Exchequer, went with De Grey. I don't think he (N.) will give you much support, but Lord Carnarvon is believed to be very firm, and I have no doubt he will back you. Lord Derby as Foreign Minister will have most to say on the subject, and I don't think he cares over much for the Colonies. I don't believe, however, that he is as much afraid of the U. S. as Lord Granville was in 1871.

There was no formal offer to receive any sum annually for the Fisheries, according to my present recollection, although several estimates were made of it, and a good deal of loose talk. We are in no way held to any definite proposition.

This matter has a good deal passed out of my mind, and I shall therefore look over my papers and review my recollection of all the details. I shall then write you in full. Let me advise you, *entre nous*, to make much of little Whitcher, and you will find him of great use. He likes to be appreciated, and if a little petted will

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work like a beaver. He is intelligent, and has collected a lot of statistics. You should take him with you when you start.

I do not answer your queries more specifically just now as I desire first to bring back the whole case to my recollection by a perusal of the papers.

Believe me,

Sincerely yours,

JOHN A. MACDONALD.

Sir A. T. Galt,

Mackenzie, who had been in London during the summer, sought information from the Foreign Office on the same point, but with no more success; the question of the majority decision was also discussed, and wisely it was concluded not to raise the point beforehand for fear of a negative answer:

Perth, July 15, 1875.

My dear Sir Alexander:

I saw Lord Carnarvon the second day I was in London, and at once discussed our Fishery matter. I also saw Disraeli. I told them both very fully our views *and feelings* about the Washington Treaty, and what I wanted now. Both these gentlemen entirely agreed with me about the Treaty, but they said, that awful blunder of Northcote in going on that Commission has shut our mouths. Disraeli called the Treaty "the most abominable thing in our history." Lord Derby I saw for a short time. He is a soft, quiet man, fond of his ease, who can possibly be roused into action by a fire. He agreed with the others, however. Lord Carnarvon at once promised to get every document the Foreign Office could produce. I then, as the most speedy way of getting work done, got Mr. Herbert to go to the Foreign Office. Lord Tenterden at once instituted a search and in a few days wrote to say there was nothing to be found but a MS. of the Protocol (already in our office). I then pressed for a further search. This I presume has been going on since and Mr. Herbert told me last week that no shorthand notes or letters could so far be found, and no evidence of any offer having been made was known to any official. I mean to get Brown to go up and tell them exactly what Mr. Thornton said about the offer.

On looking into the Treaty before going to the Ministers, I found that we and the U. S. were bound by its terms to have the third man named by Austria, as the time for agreement had lapsed.

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It seems that Mr. Fish is in a great stew about this, and I discussed with the Ministers and Lord Dufferin, at the interviews, the question whether we should offer to them to agree on the third, on the condition that it be expressly agreed that any two shall decide the points. There was a strong dislike to raise the point as that would involve the admission that the three *must agree*. For although this may be inferred, it is not actually stated. Derby, Herbert, and Carnarvon are willing to do as we like, but it was evident all believed it would humiliate us to raise the point without an absolute certainty that it would be conceded. I felt this so much myself that I hesitated. As it is we can throw ourselves on their honour and express our amazement that a nation should resort to a trick. So it stands. The Government at once conceded the entire management to ourselves and were quite profuse in their expressions of hearty good will and desire to do anything they could. They also specially approved of the appointment of the *Commissioner*. Mr. Thornton reports that Mr. Fish evidently has a perfect assurance that Austria will favor us.

You had better talk the matter over with Mr. Blake and Mr. Cartwright and Smith, and as soon as I get home we can discuss what further should be done, or, in the meantime, Mr. B. may write to Lord Dufferin informally to see about any matter personally, and he will do so if necessary. I don't think that the English government can afford to throw Mr. Northcote overboard by a public denunciation of the Treaty, as they seem to lean on him not a little, and I dare say there is a little of the feeling, "After all, it is only a colonial question." I told them frankly we were all but ruined from first to last by English diplomacy and treaty making, and we would have no more of it at any price.

There are good crops all over England and Scotland, but all branches of trade are in a bad condition, almost as bad as can be without a general break up. Money for good enterprises can be had well enough, but confidence is very, very scarce.

With kind regards, I am,

My dear Sir Alexander,

Yours faithfully,

A. MACKENZIE.

Sir A. T. Galt,
Montreal.

Meanwhile, however, Galt had been in communication with Sir Edward Thornton at Washington, and had found that the rumored "offer" had been entirely unofficial, and

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apparently made by Lord Lisgar, (formerly Sir John Young) then Governor-General, off his own bat:

June 9, 1875.

Private and Confidential.

My dear Sir Alexander:

It is undoubtedly true that towards the end of 1869, Lord Lisgar wrote me several private letters as to the expediency of coming to an arrangement with the U. S. Government on the basis of the payment of \$200,000 a year and the import, duty free, into the U.S. of Canadian fish, etc., and fish oil. I spoke about it to Mr. Fish at the time, unofficially altogether; but though he thought that such an arrangement might be desirable, it is not his habit to give any positive answer unless a formal and official proposal be made to him. He then alluded also to the difficulty of coming to any such arrangement at that time because the Alabama Claims question was still pending, and because, during the summer of 1870, a good many American fishing vessels had been captured (most justly) and there was a good deal of irritation upon the subject. In the conversation which I had upon the subject with Mr. Fish, I always spoke of the annual sum as between two and three hundred thousand dollars. I always spoke in my own name, and as if it were an idea of my own, without ever quoting Lord Lisgar; but I must confess that I supposed, and no one who saw Lord Lisgar's letters could but suppose, that his communications to me were made with the full knowledge and consent of his ministers. Sir John Macdonald has since told me that he at least knew nothing about the matter. Perhaps he did not say so in so many words, but he led me to believe it by qualifying the proposal as very indiscreet.

During the negotiation of the Treaty no mention, that I know of, was ever made of that proposal, at least by or to the American Commissioners, though I talked about it with my British colleagues.

I cannot positively tell you who the American Commissioner is. Long ago I heard that it was Mr. Clifford, who had been Governor of Massachusetts, and who is highly esteemed in that State. I asked Mr. Fish, who replied that Mr. Clifford had not yet been appointed, but that it was the President's intention to do so. About a week ago, when I again urged Mr. Fish to agree upon the note which was to be addressed to the Austrian Government about the third Commissioner, he excused his delay by saying that the U.S. Commissioner (without mentioning his name) was in Europe, he did not exactly know where. It might be some time

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before they could find him, and, if he declined to act, there would be some delay in appointing another.

I learn by the newspapers only that you have been appointed British Commissioner, and from your writing to me on the subject of the Fisheries, I presume that the newspapers for once tell the truth. But no communication has been made to me upon the subject either from Canada or from England.

Believe me,

My dear Sir Alexander,

Truly yours,

EDWARD THORNTON.

Time drifted on, the United States fishing fleets sailed year after year for Canadian shores, and yet Washington delayed in completing the organization of the Commission. In May, 1876, Lord Carnarvon cabled that the United States Government now appeared prepared to bring the matter to a head by joining in an identical note asking the Austrian Ambassador to appoint the third Commissioner. Yet six months later nothing had been done, and the Canadian Government found it necessary to urge the British authorities to seek an immediate settlement. After renewed pressure, Secretary Fish, to prevent a possibly more unacceptable choice by the Austrian ambassador, intimated that M. Delfosse would, after all, be accepted, and by agreement the Austrian ambassador formally named him, in March, 1877. In the meantime the United States representative had been chosen, Mr. Ensign H. Kellogg of Massachusetts.

The Commission was now speedily organized. Mr. Clare Ford, Secretary of the British embassy at Washington, had previously been selected as the British agent, and associated with him as counsel, were representative lawyers from each of the five colonies or provinces concerned: Hon. W. V. Whiteway, of St. John's, Newfoundland, Hon. Louis H. Davies of Charlottetown, Prince Edward Island, R. L. Wetherbee, Q.C., Halifax, Nova Scotia,

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and Joseph Doutre, Q.C., Montreal, Quebec, of Guibord case fame. The United States agent, Mr. Dwight Foster, of Massachusetts, was assisted by two counsel, William H. Trescott, of Washington, and Richard H. Dana, Jr., of Boston; a future Canadian premier, then a young Halifax lawyer, John S. D. Thompson, was also attached to their staff. J. H. G. Bergne, of the British Foreign Office, was named by M. Delfosse as Secretary to the Commission.

It was characteristic of Galt's attitude to public service that at this stage he suggested to Mackenzie that he would prefer to serve without compensation. Mackenzie declined, for good and sufficient reasons:

Ottawa, June 4, 1877.

My dear Sir Alexander:

I have your letter on the personal matter. I have a strong objection to any Commissioner acting for the government without remuneration. We have few men in Canada who can well afford it, and if one person acts without payment it forces high-spirited men to follow the example or else to decline acting, and the government would thus be obliged to forego the advantage of a free choice of men for important work. . . .

The Commissioners held their first session on June 15. The printed case prepared by the British and Canadian authorities was presented by Mr. Ford. A six weeks' adjournment then took place to permit the United States representatives to prepare their counter case, and the British agent to file an answer to this again. When the Commissioners reassembled, on July 28, the oral and written evidence in support of the British case was presented, and when this was closed, on September 18, the evidence on the part of the United States was marshalled. Brief rebuttal evidence by British witnesses followed, and on November 1 the case for Her Majesty's Government was closed. Mr. Foster began the argument for the United States on November 5, followed by Mr. Trescott and Mr. Dana. Mr. Whiteway opened for the British government

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on November 15, followed by Mr. Dautre and Mr. Thompson, who was given the main burden of the argument.

The task before the Commission was a difficult one. No precedents, no certain and accepted standards were available to aid in determining the value of the privileges which had been granted the citizens of the United States. Many of the points at issue could only be determined by the evidence of local fishermen, and this was in many cases prejudiced and contradictory. National considerations were involved, of undoubted importance, but difficult to weigh and measure. The private interests of the citizens of each country were often diverse; what were disabilities from the standpoint of one class or section of the country might prove to be an advantage for other classes in the same country. To come to a fair and adequate conclusion would evidently task the efforts of counsel and commissioners alike.

The British case emphasized certain general advantages which had fallen to United States fishermen under the treaty clauses. First and foremost was the liberty of taking fish in all inshore waters. On an average a thousand American fishing vessels resorted to these waters every year, chiefly for mackerel, but fishing also when occasion offered for cod, herring, and halibut. The average haul of each vessel was computed at \$5,600. Some \$7,000,000 was invested in this industry, and 16,000 men were given employment. Next, the liberty of landing for the purpose of drying nets, curing fish, etc., was of great value, since without it many essential fishing operations would be impossible. So, too, with the freedom given to transfer cargoes, outfit vessels, buy supplies, obtain ice, engage sailors, procure bait, or transact other business ashore, secondary privileges equally indispensable to a profitable fishing season at so great a distance from the home ports of the American vessels. The privileges of establishing

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permanent fishing stations on the shores made it possible for foreign fishermen to obtain more frequent "fares," and to cure fish more satisfactorily. The services rendered by the Dominion government in fostering and increasing the supply of fish, and maintaining a lighthouse service, were also open to the fishers from the south.

The counter advantages were of course belittled. The opening of the United States coast to Canadian fishermen was a mere form; not a single Canadian captain passed by his own rich grounds to seek out those depleted waters. As for the admission of fish free of duty to each country, this was doubtless an advantage to the Canadian fisherman, but it was equally a boon to the United States consumer, and therefore no just offset.

"For these and other reasons," the value of the Canadian privileges given was put at \$12,000,000 for the twelve years certain the Treaty of Washington was to run.

Next, as to Newfoundland. The new privileges granted by the treaty were not as extensive as in the case of Canada, but considering both the value of the rich inshore fisheries now opened, and the increased facilities afforded for utilizing the adjacent deep sea fishing grounds, by free access to bait supplies and port privileges, the sum of \$2,880,000 was asked, making the total claim of \$14,880,000.

The other side of the shield was next presented. The United States counter case insisted that no attempt had been made in the British computations to separate the value of the fish caught within the three-mile limit, access to which was the only important new privilege secured by the treaty, from the value of the fish caught on the "banks," open to all the world. Practically, the only fish taken inshore was the mackerel, and even the mackerel was found on the United States coast early in the season, and later in the deep sea; when the New England fishermen did follow the mackerel north, it was only when a

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school set in toward the shore that it was necessary to follow them into coast waters. There was evidence, too, that the mackerel were once more changing their haunts, deserting the Canadian for more southerly shores. In fact, the value of the Canadian inshore fisheries had been greatly exaggerated, and the United States desired to secure their use, not for their commercial or intrinsic value, but to remove a source of irritation. As for the Newfoundland shore fisheries, as a matter of fact no use was made of them by United States fishermen.

In the other scale, the American counsel continued, must be set the advantage of the access to the United States shore fisheries, and still more important, the remission of duties, amounting to \$400,000 a year, which had hitherto fallen on the foreign producer, since his catch was only a small fraction of the total and had no other possible market. All things considered, it was probable that the advantages secured by the Canadians were greater than the advantages they gave—a contention supported by an *argumentum ad hominem* in the form of quotations from the speeches of Canadian ministers in urging parliament in 1872 to ratify the treaty. Certainly, then, no compensation whatever was due.

In the counsels' arguments which followed, the evidence was reviewed in infinite detail, and the general contentions reiterated. The Canadian counsel contended, notably, that the value of the privileges should be estimated not merely by the actual use made but by the potential advantages, and entered into abstruse economic reasoning as to the incidence of duties on fish imported into the United States, which, they insisted, were mainly borne by the consumer.

On one point, the United States made good its case during the progress of the discussion. Its counsel insisted that the commercial advantages put forward by their opponents, the access to Canadian ports for transshipping,

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purchase of supplies and other purposes, were not within the scope of the Commission's award, since these privileges had not been granted by the Treaty of Washington. The reply was made that though not formally and explicitly granted, they had been conceded by the Canadian government as supplementing the use of the inshore waters, and should be considered in computing the award. The Commissioners, on being appealed to, gave a formal and unanimous decision on September 6, to the effect that these privileges must be ruled out of consideration. Sir Alexander added to the formal verdict a statement of the grounds on which he concurred. It had been his belief that the framers of the late treaty had intended to confer the privileges, as incidental to the liberty of fishing. Since, however, the agent of the United States denied this interpretation, there was nothing to do but to accept the strict construction, noting that the United States could not complain if these secondary privileges were later withheld.

Two days after the conclusion of the counsels' argument on November 23, Mr. Delfosse announced the decision of the Commission, which was, that the United States should pay \$5,500,000 in gold for the twelve years' privilege. The award was signed by the chairman and by Sir Alexander Galt; Mr. Kellogg dissented on the grounds that the evidence showed no net balance of advantage accruing to the United States, and that it was doubtful whether a mere majority of the Commission was competent to make an award.

Following the time-honoured advice to amateur judges, all the commissioners refrained from stating the reasons on which their decisions were based. From a memorandum "submitted by A. T. G. in consultation of Commission on award, and accepted as forming the best method of arriving at a conclusion," it appears that in stating his

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conclusions to his fellow commissioners, Galt emphasized the unity of the United States fishing industry and the indispensable value to the whole of the use of British in-shore waters. The peculiar national value of the fishery was to be considered. One basis of computing the value of the privileges accorded was found in an estimate of the duty saved to the American consumer and forfeited by the American fisherman, who had evidently, by the continued and increasing prosperity of the industry, gained as much from the increased facilities of fishing as he had lost by the abolition of the duty. On this basis, after making due allowance for the benefit accruing to the Canadian fishermen from the remission of duty, he computed the net compensation due to be \$6,900,000.

The announcement of the award was received with restrained pleasure in British North America, but with vigorous and pained denunciation in the United States. Americans had so long been accustomed to drawing the long end in international dealings that it was difficult to adjust themselves to the new situation. The former Secretary of State, Hamilton Fish, and his successor, W. M. Evarts, were one in their insistence that half a million or a million at most would have been a liberal award. Mr. Delfosse came in for much unfair criticism, but the United States commissioner was equally blamed. It was frankly declared that he had proved too weak for the situation, though as between the agents and counsel on both sides, honours were even.

The functions of international arbitrators appointed by the parties to the suit, with an outside arbitrator holding the umpire's place, were and are somewhat anomalous. Half diplomat, half judge, the arbitrator cannot be a thick-and-thin advocate for his country, but neither can he be expected to be free from a certain general conviction that his own country is in the right. Galt's whole conduct in the case showed that he wished to give a fair and

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impartial verdict. He was, however, convinced that an impartial verdict involved the recognition of the justice of his country's case. Doubtless Mr. Kellogg had a similar conviction, though he was not equally successful in trying to press it home.² Under these circumstances, the grasp Galt possessed of the wider aspects of any question, his clear and compelling powers of exposition, and his stronger personality, gave his conclusions the greater weight.

After much discussion, Congress voted the amount of the award, to be paid or not at the discretion of the President after discussion with the British Government. Secretary Evarts wrote an able despatch, giving his reasons for considering the award excessive and for doubting the binding force of a majority verdict. He added, however, that the government of the United States regarded the maintenance of entire good faith and mutual respect as of paramount concern, and would not press its interpretation if Her Majesty's government took clear ground to the contrary. The Canadian authorities advised against any rearguing a decided case, and Lord Salisbury, the new Foreign Minister, concurring, declined to go into the details of the case, and contended further that international precedent rendered a majority decision binding. Where-

²Writing to Galt when the United States criticism was at its height, M. Delfosse declared: "I have been annoyed beyond measure by the abominable controversy about my appointment. . . . The perfectly needless, not to say very silly, remark of Lord de Grey concerning Belgium and its sovereign fostered that prejudice of which we feel the effects now. And yet it is that 'Belgian element' which in the deliberations of the Commission, cut down, in no unimportant measure, the amount claimed by Canada, and moreover, put the United States in the position of obtaining, if they chose, much lower terms still when the said 'Belgian element' suggested a further important rebate for the sake of unanimity and obtained Canada's assent to it. In point of fact, whatever has been done, within the Commission, in favor of the U. S., has been done by the 'Belgian element' and by the 'Belgian element' alone! You know how indignant I was for the position in which the passivity of the U. S. Commissioner placed me, by not discussing your arguments nor giving any of his own. If it was a policy, as I told Mr. Evarts, I fail to perceive the wisdom or expediency of it."

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upon, just within the year provided by the treaty, the United States withdrew its objection and paid over the full award. Doubtless one factor in bringing acquiescence was the consciousness that of the \$15,500,000 granted by the Geneva tribunal in settlement of the Alabama claims two-fifths was still in the United States treasury, where it was to remain until a second court was constituted in 1882 to distribute it.³

The belief that the award was excessive, persisted in the United States,⁴ however, and was one element in the decision to abrogate the fishery clauses in 1885. The re-opening of the issue led once more to friction, settled temporarily in 1887 by a return to the license system, and more definitely in 1910, when the Hague Tribunal passed in review the whole vexed question and gave a detailed judgment, mainly in Canada's and Newfoundland's favour. This, however, was still in the future. In the present, Canadians were delighted that the long lane had turned. Alexander Mackenzie's pithy comments in a

³Ford writes to Galt, June 31, 1877: "I telegraphed to Plunkett to enquire what appropriation, if any, had been made by the U.S. for meeting the expenses of the Halifax Commission. Plunkett returned for answer that no appropriation had been made, but that the expenses would be defrayed out of the 'unexpended balance' of the Geneva Award!! Isn't that a good joke? I hope we shall squeeze out of them at Halifax the remaining portion of it."

⁴This conviction was for a time strengthened by certain charges brought by a Canadian scientist, Henry Houle Hind, who had been one of the expert witnesses for the Canadian government, against Mr. Ford and several officials of the Marine and Fisheries Department, and even against leading United States officials, alleged to be in collusion. Hind alleged that serious, deliberate and prolonged falsification of statistics had been effected, and pressed his views upon the public in a shower of pamphlets and memorials. While some errors and discrepancies in the fishery statistics were shown to exist, it was soon demonstrated that they had had no material bearing on the decision, that there was no evidence whatever of intentional alteration, and that in fact the variations told against the Canadian case as frequently as for it. The due weight of these curious accusations, which at one time aroused much discussion, became apparent when Hind furnished cryptogrammatic proof, showing how the frauds had been concealed by the use of the number 666 with the masking numbers 42, 10, 7, 2, taken from the 13th chapter of Revelations.

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letter to Galt of October 2, summed up in advance the main body of Canadian opinion: "I am glad you still continue to have hopes of a fair verdict. I am doubly anxious to have it, first, because we are entitled to it and need the dollars, and second, because it will be the first Canadian diplomatic triumph, and will justify me in insisting that we know our neighbours and our own business better than any Englishman."

Both the Canadian and the British governments were warm in their expressions of appreciation of the services rendered by their representative. Galt was given the Grand Cross of St. Michael and St. George, while Albert Smith, who had had general charge of the case, was made a K.C.M.G., and the able agent, Mr. Ford, was made, shortly after, C.B. and C.M.G. A still more appreciated outcome of the summer's work was the lifelong friendship formed with the other members of the Commission, especially with M. Delfosse, Mr. Ford (afterwards Sir Clare Ford), Sir H. C. Bergne and Mr. Foster. With the Foreign Office representatives Galt was destined to have yet more work in common.

CHAPTER XVII

High Commissioner and Ambassador-at-Large

The French and Spanish Mission—The High Commissionership—
Finding a Footing in London—Protection, Preference and
Reciprocal Trade—Defence and Imperial Federation—
Wanted: an Emigration Policy—Galt's Retirement.

GALT had scarcely concluded his duties as Halifax Commissioner when he was called upon to represent Canada in further ventures in controlling her own foreign relations. The years from 1878 to 1883 were to be devoted mainly to diplomatic undertakings, admirably suited to Sir Alexander's capacity and temperament, and the more acceptable because they meant putting into practice the principles he had long maintained as to Canadian autonomy in external affairs.

The commercial depression which affected Canada, in common with the rest of the world, and especially the United States, from 1878 to 1879 or 1880, made it more desirable than ever before to seek new markets abroad for Canadian products. The markets of the United Kingdom were already open wide. Those of the United States were still barred, and the ascendancy of protectionist views and the preoccupations of Washington with currency questions made it certain that attempts to have the bars lowered would be fruitless. If the government of Canada was to secure increased facilities for export trade in any quarter, it must be in Latin America or in the countries of Western Europe.

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Once before, on the eve of Confederation, the threatened loss of the American market had turned the attention of the northern provinces to the West Indies and the lands beyond. Nothing had come of the negotiations carried on by William McDougall and his fellow Commissioners, but hard times revived the project. Early in 1876 the premier, Alexander Mackenzie, wrote Sir Alexander suggesting that he should act on the government's behalf in a renewed effort.

Ottawa, Feb. 2, 1876.

Dear Sir Alexander:

Mr. Huntington informs me that you propose visiting some portion of the West Indian Islands very soon. I have for a long time been considering how we could extend our trade in that direction; but the very unsettled political condition of the principal Islands seemed to set aside ordinary trade discussions with their governments for the time and induced me to delay any active effort. So far there is no improvement and one would be justified in assuming that a revolutionary state is the normal condition of all the Spanish Colonies.

I thought that you might be willing to represent us when you go down and aid us in coming to some arrangement with the respective governments, or in coming to some conclusion regarding our own course in giving assistance to a line of steamers or otherwise.

Would you inform me as soon as convenient whether you would accept such a commission and at the same time give me your ideas as to the course to be pursued?

The Cuban and St. Domingo trade is in its magnitude far more important than any other and in many respects the trade of these large islands is different from the trade of the other islands. My own impression is we would do better with them than with the others.

As soon as I hear from you I will write again.

I presume Lord Dufferin told you that Gov. Clifford had not actually been appointed. You might therefore write me the letter we agreed you should write to cause them to hurry up.

I am, my dear Sir,
Yours faithfully,

A. MACKENZIE.

The Hon. Sir Alex. T. Galt.

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For a time Galt was inclined to undertake the commission and he was formally vested with the authority required. Upon reflection, however, he concluded that as sugar was the chief article of export which the islands would have to offer, and as the Mackenzie government was not prepared, in view of the complicated situation created by the bounty legislation of Europe and the countervailing duties adopted by the United States, to alter its fiscal policy in this particular at the moment, the undertaking would be of no avail. He therefore postponed action indefinitely.

Two years later the proposal was revived by the Macdonald government, shortly after its accession to power. Galt was again the man to whom the task was offered. His experience clearly marked him out for it, but notwithstanding this the offer would hardly have been made had not the intervening years done much to heal the breach which had arisen in personal and party relations between Macdonald and himself. On party issues, the growth of the protectionist movement brought Galt once more into harmony with his old colleagues. While his position, common in those days, of a free trader who believed in incidental protection, was a somewhat vague and flexible one, yet there had been a decided protectionist colour to his thought for twenty years. From 1862 to 1866, it is true, he had been in favour of lowering tariffs, but this was due to special circumstances abroad, to the free trade tendency in continental Europe and to the action of the United States in imposing high excise duties on liquors and thus making it possible for Canada to follow the same course and at the same time lower the rates on other goods. When these conditions had passed away, he once more reverted to his former attitude, and became a strong adherent of the National Policy proposals.

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Galt's private relations with Sir John had been strained to the breaking point when he found it necessary not only to oppose the Pacific policy of his former chief, but to comment adversely, in his Ferrier letter of 1875, on Macdonald's continuing to act as leader of the Opposition. In October, 1876, Galt took the initiative in seeking a reconciliation, by a letter addressed to his close friend, Colonel Bernard, Macdonald's former secretary and present brother-in-law. In reply, Macdonald stated it was the reference in the Ferrier letter which had pained him, the more so since he considered he had in the past stood by Galt to his own political hurt. "Enough of this," he concluded, "*liberavi animam meam*, and having done so, all I desire further to say is, that if Sir Alexander pleases we can meet in friendly intercourse and in society as before. The wound may be considered as healed over, but the scar will, I fear, remain for some time." Galt, in reply, declined to enter into a discussion of the past, or to revive episodes in which he considered he himself had been aggrieved; as to the Ferrier reference, that was unavoidable, since the circumstances of the invitation to stand for West Montreal made it imperative to state his position clearly. As to Cartier, he added, "I will only say, in brief, that it has always been a mystery to me, how either of them (knowing them as I did) ever got into the position they did. In conclusion, I will add, that I shall be heartily glad to meet Sir John on terms of friendly intercourse once more, and trust that the present soreness between us may disappear, under the influence of a wish, I hope, on both sides, that the past should be forgotten as well as forgiven."¹

Friendly relations were resumed, and soon became intimate and confidential once more, though the scar did, indeed, remain. Neither could ever sympathize wholly with a man of the other's temperament. (Macdonald, a

¹Pope, *Memoirs of Sir John Macdonald*, ii, p. 350-2.

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practical politician, careful never to take up a cause until it was ripe for action, could not understand Galt's interest in broad issues which would not for years, if ever, become subjects of actual legislation] and was prone to consider his openness to new ideas and his sensitiveness on all points involving his honour as qualities synonymous with instability, interfering with the working of a well regulated party. { Galt, on the other hand, while appreciating highly Macdonald's practical capacity and his fundamental devotion to his country, was not prepared to condone corruption because it aided a party, or to consider every issue in the light of its immediate effects on party fortunes. } Yet, with all these divergences, the friendship revived, as the scores of intimate letters interchanged in the years that followed make clear.

The general elections, which resulted in a sweeping victory for protection and for the Conservative party as its champion, took place in September, 1878. In October, Sir John formed his cabinet, and a month later Galt was called upon to take up again the negotiations for West Indian trade, especially with reference to the islands of Cuba and Porto Rico. It had already been made known that in the Spanish empire, at all events, the old ideas of the due subordination of colonies to the home government still held sway, and that the negotiations must be carried on at Madrid, not at Havana. Accordingly Sir Alexander sailed to England, and there arrangements were made with the Colonial and Foreign Offices to secure their sanction and the co-operation of the British Minister at Madrid, Sir Lionel Sackville-West, in the discussion.

Before Galt had left London for Madrid, a further diplomatic task was assigned him. The commercial relations of France had lately been in a state of flux. The Franco-Prussian war of 1870, like the Civil War in the United States, had halted the trend toward free trade. The passions engendered in the struggle, the desire to build

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up a self-contained country, and the necessities of the revenue, had led to a stiffening of tariff rates alike in France and in Germany. As an incident in this protectionist reaction, the Government of France, in 1873, had raised the duties on Canadian-built wooden ships to prohibitive rates. The general tariff duty was forty francs per ton; by the Cobden Treaty of 1860 this rate had been reduced to two francs on English ships, and by the informal understanding arranged in 1861 through the French consul-general in Canada, this reduction had been extended to Canada. Standing on the letter of the treaty, the French government withdrew this concession, and in 1874 the Canadian government retaliated by raising its duties on French wines. It was now desired to settle this dispute, and if possible to secure access to France on favorable terms for Canadian agricultural implements and similar manufactures. Mr. Tilley, as Minister of Finance, had expected to carry on the negotiations himself while in England in the winter of 1873, but being compelled to return to Canada, he arranged to have Galt undertake this second mission, with Colonel Bernard as Assistant Commissioner.

The machinery of negotiations was complicated. First it was necessary for the Canadian government to communicate its desire to the Colonial Office; the Colonial Office requested the Foreign Office to act; the Foreign Office instructed the minister at Paris or Madrid to put Sir Alexander into communication with the French government, and the discussions began. "The formal negotiations between the governments of this country and of France on the subject," continued Lord Salisbury, then Foreign Secretary, in his instructions to Lord Lyons, Ambassador at Paris, "should be conducted by Your Excellency, the settlement of the details of the arrangement being dealt with by Sir Alexander Galt."

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Neither in Paris nor in Madrid were the times favourable for the immediate success of the negotiations. In France, a general tariff was being framed, and the ministry were reluctant to bind themselves to any reciprocal concessions before it was completed. After several interchanges between Sir Alexander and the Minister of Commerce, M. de Bort, an agreement was arranged by the end of December to reduce the duties on wines and ships to the former levels. At the last moment, however, the basis of the agreement was upset by the action of Austria in terminating the commercial treaty with France, a clause in which had served as the starting point for the concession of the two franc rate to other countries, under the most favoured nation policy. Automatically, therefore, the conventional tariff of twenty per cent took effect on all ships, English as well as Canadian, and could not be altered except by legislative action. A month later, a change of ministry having meanwhile occurred in Paris, the revival of the Franco-Austrian treaty appeared to offer an opportunity for reopening the discussion, and Galt returned to Paris. The new government proved equally favourable, but an attempt to include a clause giving Canada the concessions desired in the Austrian Treaty bill met with such opposition in the Chamber that it was withdrawn, and the negotiations were once more postponed until a more fitting season.

In Madrid, the same partial measure of success was attained. With the co-operation of Sir Lionel Sackville-West, the British Minister, Galt soon came to terms with the Spanish cabinet of the hour. The premier, Señor Canovas, in fact, suggested that the scope of the negotiations should be widened to include Spain itself as well as the colonies, and Galt, after seeking an extension of power from Ottawa, cordially assented, as it was advisable to have France and Spain competing for favorable terms for their wines. The fact that the British government was

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itself negotiating a new treaty of commerce with Spain made the British minister unwilling to have the Canadian negotiations as to Spain itself pushed ahead for the present. Canovas, moreover, stated that it would be necessary to await the coming of the Cuban member of the Cortes before a definite arrangement on the West India phases could be framed. Before that day came, a change of ministry, of a somewhat more sweeping character than usual, suspended the negotiations.

Towards the end of February, 1879, Galt reported to the Canadian government that no immediate action was possible, but expressed his belief that the favour shown to his proposals by the cabinets both in Paris and Madrid foreshadowed an agreement at a more fortunate conjuncture. The experience had served to give the amateur diplomats some idea of the cross currents and uncertainties of negotiations in the chancelleries of Europe, and had familiarized Europe statesmen with the newcomer among the nations.

Galt returned to Canada early in March. Four months later, on July 26, in company with Macdonald, he sailed once more for England, where Tupper and Tilley joined them. Their stay was brief, as Sir Alexander and Sir John sailed for home on September 11, but in those few weeks many matters of importance had been discussed with the British government, and the way prepared for another striking advance in Canada's national status.

The most pressing question which came up for discussion was the financing of the Canadian Pacific Railway. The new government had continued the policy of the Mackenzie cabinet in attempting to build the road as a government work, and at the same time to confine the expenditure within modest limits. The results were not encouraging, and accordingly the government devised a new plan which would, it was hoped, provide ample funds,

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without imposing further burdens on the people. The proposal was to set aside one hundred million acres of the best land in the West, to be sold eventually at a price which would more than meet the railway outlay, and in the meantime to raise funds by the sale of bonds secured by these lands, as well as by a mortgage on the road itself. To strengthen the security still further, and to obtain a lower rate of interest, the British government was requested to guarantee the loan.

Disraeli was then in power, for the last time, with Sir Stafford Northcote at the Exchequer and Sir Michael Hicks-Beach as Colonial Secretary. They were personally very cordial to the Canadian visitors, but declined politely to accede to the request for a guarantee. While, however, the immediate object of the mission was not attained, an informal agreement was reached for the establishment in London of a permanent representative of the Canadian Government, who, it was hoped, would in time be able to secure this and similar concessions.

The proposal to establish the office known later as that of High Commissioner for Canada was based both on specific needs and on general considerations of the changing relations between Canada and the Mother Country. So long as Canada was a colony, subordinate to the British authorities, the only possible channels of communication between the two governments were the Colonial Office and the Governor-General. Now that the Dominion was feeling its way toward partnership and full equality of status, it was fitting and necessary that some quasi-diplomatic official should be appointed to represent the views of Her Majesty's Government at Ottawa to Her Majesty's Government at London.

In a very effective memorandum signed by Macdonald, Tupper and Tilley, and submitted to the British government in August, 1879, the purpose and necessity of the proposed appointment were clearly stated. Experience

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was daily proving, they declared, the necessity of providing means of constant and confidential communication to supplement the formal correspondence carried on through the Governor-General. "Canada," they continued, "has ceased to occupy the position of an ordinary possession of the Crown. . . . Her Central Government is becoming even more responsible than the Imperial Government for the maintenance of international relations towards the United States, a subject which will yearly require greater prudence and care, as the populations of the two countries extend along and mingle across the vast frontier line three thousand miles in length. The Canadian government has, in short, become the trustee for the Empire at large, of half the continent of North America."

It was essential to secure full interchange of views and harmony of policy, and to prevent the idea becoming established that the connection of Canada with the British Empire was only temporary. Many questions were constantly arising which could only be dealt with by personal discussion, and if the ministers themselves had to go over constantly, this involved serious inconvenience. Further, the need of direct negotiations with foreign powers for the proper protection of Canadian trade interests had now been recognized. In negotiating treaties of commerce with foreign countries, the British government had considered only their effect on the United Kingdom; the divergence of views on fiscal policy between Great Britain and Canada created a further difficulty in the way of having the former become responsible for the representations to be made. "The Canadian Government therefore submit," the memorandum continued, "that when occasion requires such negotiations to be undertaken, Her Majesty's Government should advise Her Majesty to accredit the representative of Canada to the foreign court, by association, for the special object, with the resident minister or other Imperial negotiator."

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To carry out these suggestions, the Canadian government proposed to appoint a representative, selected from the Queen's Privy Council for Canada, who would occupy "a quasi-diplomatic position at the Court of St. James, with the social advantages of such a rank and position." He would have the supervision of all the political and financial interests of Canada in England, and, when so requested, might be duly accredited to foreign courts.

The programme thus outlined was a logical development of Galt's insistence in 1870 upon Canada's right to the controlling voice in determining her foreign commercial relations. It proposed a recognition of Canada's full autonomy which embodied all that was essential in his former independence views, now that the military danger from the United States had disappeared. It was now beginning to be apparent that the independence desired could be obtained in great measure within the Empire, without any formal separation. Sir Alexander's views had thus been modified by the teaching of events, but in essence they were embodied in the policy to which his former colleagues had now felt their way.

The new doctrine of colonial equality thus foreshadowed, was, however, too strong meat as yet for English consumption. Sir Michael Hicks-Beach, in expressing his sense of the advantage which would result from the appointment of such a representative, hastened to add that his position could hardly be said to be of a diplomatic character, but would be "more analogous to that of an officer in the home service." As to the foreign activities proposed, it would rest with the Foreign Secretary to determine in what capacity his services might be utilized, whether he should remain in London and advise with Her Majesty's government there, or assist Her Majesty's representative abroad.

In reply to this polite snub, the Canadian government, in a Council minute of December 22, intimated in effect

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that there was now more than one Government of Her Majesty:

"The Committee recognize the fact," they declared, "that Canada cannot, as an integral portion of the Empire, maintain relations of a strictly diplomatic character. But they respectfully submit that while this is true as respects foreign nations, it does not accurately represent the actual state of facts in regard to the United Kingdom. Her Majesty's Government is unquestionably the supreme governing power of the Empire, but, under the British North America Act, self-governing powers have been conferred upon Canada in many most important respects, and Her Majesty's Government may on these points be more correctly defined as representing the United Kingdom than the Empire at large. In considering many questions of the highest importance, such as the commercial and fiscal policy of the Dominion as affecting the United Kingdom, the promotion of Imperial interests in the administration and settlement of the interior of the Continent, and on many other subjects, indeed on all matters of internal concern, the Imperial Government and Parliament have so far transferred to Canada an independent control that their discussion and settlement have become subjects for mutual assent and concert, and thereby have, it is thought, assumed a quasi-diplomatic character as between Her Majesty's Government representing the United Kingdom *per se* and the Dominion, without in any manner derogating from their general authority as rulers of the entire Empire."

In their dealings with foreign powers they did not desire to be placed in the position of independent negotiators, as they recognized the value of the support of the carefully trained British diplomatic service. They concluded by proposing that the new official, to mark the distinctive character of the post, should be termed the 'High Commissioner of Canada in London,' to which the Colonial Secretary in due time agreed.

In these formal statements of their purpose, the Canadian ministers had not made explicit all that was in their minds. In the background loomed up the project of reviving the old system of imperial tariff preferences. Both in Canada and in the United Kingdom events had occurred which made it seem possible to resurrect this buried

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policy. In Canada, the continued failure of the attempt to secure entrance to the United States market revived memories of the day when a preference for certain Canadian raw materials had been enjoyed in the United Kingdom. This was not all. The resentment felt in the Mother Country against the Canadian system of protection, revived by the material increase in tariff rates which had followed the success of the National Policy campaign in 1878, led some of the Canadian Conservative leaders to seek an antidote. Obviously, if the United Kingdom could be brought to adopt protection, with incidental preference, it would no longer be able to throw stones at the glass houses in which Canadian industries were being nursed.

Could the United Kingdom be brought to make this sweeping change? It had long appeared rooted in its free trade faith, but new movements were developing which led sanguine observers to foretell a speedy conversion to protection once more. The manufacturing depression of the later seventies, accentuated by contrast with the prosperous years that neutral England had enjoyed when France and Prussia were at grips, produced discontent, in which protection found its opportunity. The competition of American foodstuffs was now being felt acutely by British farmers. The revival of protection on the Continent, already noted, naturally was echoed in Great Britain. Those who led the reaction did not go so far as to demand the full restoration of protection; they urged rather a policy of Reciprocity or Fair Trade, of tariffs for bargaining purposes, or for offsetting the artificial handicaps of duties or bounties.

With this policy some of the Conservative leaders in Great Britain showed increasing sympathy. Lord Beaconsfield would have none of it: "reciprocity is dead," he insisted, and Sir Stafford Northcote held to his free trade faith, but Lord Salisbury, as well as several lesser lights,

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showed strong Fair Trade leanings. It was not surprising, therefore, that the Canadian ministers conceived the hope of a rapid development of a policy which would give a preferred market for Canadian goods and would make it possible to reconcile protection and loyalty.

On the first of April, 1880, Sir John Macdonald brought down the correspondence as to the establishment of the office, and moved the appointment of Sir Alexander Galt as first High Commissioner. Two days earlier Galt had sailed for England. On the eve of sailing, a great banquet had been given him in Montreal, widely attended by public men. He took this occasion to survey the duties of his new post. The financial tasks came first; the time had come when the Dominion should undertake its own financial work in London, floating loans and making payments, rather than entrust the work to agents. Emigration would be an important subject. Canada had the largest area of undeveloped fertile land in the world; it was to the interest of the Empire that the swarms that left Britain's shores should be directed to these lands rather than be lost to an alien flag. The diplomatic duties were growing with the increased control of Canada over its tariff relations. 'Under the new arrangement with Great Britain Canada was securing all that could be achieved in any way. What could Canada gain by any more formal position of independence? It was to her interest to avail herself of Britain's diplomatic machinery and experience rather than to stand alone, among the small powers of the earth. Defence would call for consideration; possibly naval stations might be established for instructing Canadian soldiers, in connection with the naval reserve. And as to trade, he would like to emphasize the possibility that the Empire might be made self-sufficient; those who thought England would never impose a tax on foodstuffs had not considered the situation which would arise when the North-West was equipped to supply all her needs.

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With Lady Galt and all his family except his eldest son, Elliott, who had entered the Government service in the Department of the Interior, and John, who was on the staff of the Bank of Montreal, Sir Alexander reached London early in April. He found a suitable house, at 66 Lancaster Gate, Hyde Park, and was soon settled and ready for the new tasks that faced him.

While Galt was on the ocean, the situation had materially changed. In the general election of 1880, Gladstone had roused the country against Beaconsfield's jingoism and especially his pro-Turkish policy, and had been returned with a sweeping majority. As many of the sanguine expectations of the Canadian ministers had been based upon the continuance in office of the English leaders with whom they had formed relations of personal intimacy, this was a serious blow. "The result of the elections," Galt wrote Tilley immediately after his arrival, "has been a great disappointment to me, and must be so to you all. We can scarcely hope to have as friendly a government to deal with as that which is about to pass away."

This disappointment coloured all the early dealings between Galt and the new government. The ministers with whom he had most to do were Lord Kimberley, Colonial Secretary, Hon. W. E. Forster, Secretary for Ireland, Lord Granville, Foreign Secretary, and the Under Secretary in the same department, Sir Charles Dilke. With Dilke, Galt was soon on very friendly terms, and Forster he felt was sympathetic, but he repeatedly complained of Kimberley's coldness and of the failure of Gladstone himself and the other leaders to take any interest in Canada's affairs or the Canadian representative. Writing to Macdonald in June, he stated: "I had a most unsatisfactory interview with Lord K. on Monday. The fact is, it could not be worse, and he went on displaying such indifference

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to our interests that it ended in my asking him to explain to me what possible advantage there was in maintaining the connection if they cared nothing for us and would just as soon see their emigrants go to the United States rather than Canada. This rather startled him, and he somewhat harked back." Sir William Harcourt, however, and Lord Rosebery, to whom he referred as "a very able man who will go far," were very cordial.

Some measure of aloofness was not surprising. The Canadian ministers had made no secret of their sympathy with the English Conservatives, and Galt was at still less pains to conceal his likes and dislikes. The reference in his Montreal speech to the possibility of protection and preference reviving in England had been widely quoted, and in private circles in London he had made his preferences equally clear, even joining the Tory Club, the Carlton. Quite aside from the inherent merits or demerits of the plans brought forward, it was not to be wondered at that some of the Liberal ministers managed to restrain their enthusiasm. Kimberley's coldness was more a question of manners and temperament than of principle. Even so, further intercourse removed any ground for complaint, and before the close of Galt's term the relations with the ministry were quite friendly.

One episode at the outset rather complicated matters. The Governor-General, Lord Lorne, had been extremely cordial in discussing with Galt the possibilities of the new office, and had done all that could be done to smoothe his path by friendly introductions to men high at Court and in politics. Yet he was not unnaturally desirous to prevent the new policy resulting in lessening still further the rôle of the Governor-General as the connecting link between the British and Canadian governments. MacDonald, writing to Galt on June 3, 1880, notes:

"There was some delay in finally settling the instructions, as the G. G. left Ottawa before they could be submitted to him. He

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was very anxious that his position should not be ignored and made sundry suggestions from Quebec, which of course we agreed to. He is evidently jealous lest things should be done without his knowledge or intervention, and I had to assure him he would be fully informed. It was necessary to keep him with us and with you, or you might be balked some morning by Lord K. informing you that he had not been advised by the G. G. on the subject. Every one of your official letters is copied and sent him, and I have read to him or made extracts and sent him such portions of your notes to me as I thought would please him and do good to you. Lord Lorne is a right good fellow and a good Canadian, and it is important to identify him as much as possible with your mission."

Unconsciously, the Governor-General upset the carefully laid plans to lead the unsuspecting British government on from aid to emigration to the more ticklish ground. Writing to Macdonald on May 26, 1880, Galt reports:

"You will see that I have absolutely avoided raising any question about aid to the C.P.R., or, in fact, any doubtful question, with the new men. And, of course, I shall not suggest a Zollverein to them, *for the present!* If I can get them committed to aid Emigration, it will be the thin edge of the wedge."

A little later, he finds that the new men know the thick edge in store for them; he writes to Macdonald on June 10:

"By the way, Lord K. astonished me to-day by saying that I need not read to him the paragraphs about the treaties, because he had a copy of my instructions! I fear this will prove rather an indiscretion on the G. G.'s part, as it shows Lord K. all my hand. My intention was to get the government committed to Emigration, as it must involve the Railway and administrative questions afterward. If you look at your instructions, you will see how evident are your future intentions. Of course, this cannot now be helped, but in future it is well we should know that the Colonial Office knows all you say to me."

In determining the footing upon which the Canadian representative was to be received, Galt had several interviews with the Colonial Office. The late government had

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declined to accede to the Canadian request that the new official should be given "a quasi-diplomatic position at the Court of St. James, with the social advantages of such a rank and position." The new government was not any more eager to grant it. Galt wrote Macdonald on May 4:

"I had my first interview with Lord Kimberley yesterday. . . . I then inquired what had been decided on the question of 'status.' To which he replied that he had ascertained that this point had been settled by the late Lord Chamberlain at the request of his predecessor, and that the High Commissioner was to take precedence, by the Queen's command, in the Royal Palace only, immediately after the Privy Councillors. He added that it was impossible to put this in the *London Gazette*, as there were many protests of precedence that would be interfered with, and would create difficulties. He said the precedence had to be given to me personally, but would no doubt be extended to my successors.

I then inquired as to my presentation to the Queen, which he said he would be prepared to do at the Levee or Drawing-room. I suggested that on previous occasions, by the Queen's pleasure, we had more than once been honoured by a private audience, and that I had hoped for it now, as a suitable recognition of the importance the government attached to the office. But this he declined, on the ground that it might excite the jealousy of the other Colonies, to which I replied that none were in the same position, the result being that he adhered to his decision."

To anticipate a little, it may be noted here that when, early in January, 1883, Lord Kimberley was promoted from the Colonial to the India Office, Galt seized the occasion to get his successor, Lord Derby, started on the right lines. He arranged that a deputation consisting of the Agents-general of the Australasian and South African colonies should wait upon Lord Derby and formally welcome him to his new task. Acting as spokesman, Sir Alexander, after conveying their good wishes, referred to the growing appreciation of the importance of the colonies and the need of a greater formal recognition of their place in the imperial system.

When the presentation at Court was arranged, a somewhat embarrassing situation arose. The law of England

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did not yet recognize the legality of marriage with a deceased wife's sister, and the Court officials therefore declared that Lady Galt could not be presented. Sir Alexander at once declared that if that decision were adhered to, he would not be presented either, and would immediately return to Canada. Fortunately the Prince of Wales, who was strongly in favor of having the British government follow the colonial example on this question, and who had in fact moved in the House of Lords the passing of a law to that effect, intervened. The Prince had been forewarned by Lord Lorne that some difficulty might arise. He, therefore, sought a private interview with the Queen and succeeded in having the edict reversed, much to Sir Alexander's relief and gratitude.

Once these various preliminary questions of status and terms of intercourse with the ministers were determined, Galt turned to the specific objects of his mission.

As to the task of converting the British government to protection, he soon realized that headway would be slow. "I do not fail to observe," he wrote Macdonald on April 21, "that with all the people I meet the Liberal victory is regarded as a reindorsement of the existing form of Free Trade." The only Liberal quarter in which he found any sympathy was in his interviews with Dilke; he writes Macdonald:

8 May, 1880.

I met Sir Charles Dilke last night at the Prince of Wales, and he asked me to see him to-day about our French business. I said I must proceed through Lord Kimberley, but as he was present, that was soon arranged. . . .

We then discussed generally the prospect of treaties, of which he was not sanguine, as England had nothing to give. Strange as it may seem, I found he leaned to the Reciprocity heresy. I am quite sure before he has finished the negotiations with France, he will see that it is the only true basis for negotiations. He quite laughed, however, at the idea of Gladstone consenting to anything

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of the kind, and I greatly fear foreign nations will take advantage of this and that England will have her hands tied for next to nothing.

Galt was at first more hopeful about the Conservatives. "If things commercially go badly, as I believe they will," he wrote Macdonald in May, "the Conservatives will next go to the country, if not as Protectionists, certainly as Reciprocitymen, as they call those who, like yourself and myself, retaliate on foreigners." A year later, on May 26, 1881, he wrote Tilley that the Conservatives were going in for protection as their only chance, being greatly impressed by the success of a protectionist campaign in the bye-election at Preston. He continued:

I met last night at the State Ball, W. H. Smith and Sir R. Cross, both members of the late government. They quite recognize me as sharing their views, and told me that the Conservatives would now fight every vacant seat. I pressed upon them that their true policy was to fight the Liberals in the boroughs on the trade question, and I think they will ultimately, and indeed soon, take this line. Sir Stafford is altogether too timid a man to initiate and carry out a new policy and this is what the Conservatives want. Poor old Dizzy represented the brains of the party.

Yet as time passed, and trade revived, or Irish or foreign issues diverted interest, Galt was forced to recognize that the hopes of his Canadian colleagues and himself were at least premature, and that the task of making the people of England see the error of their ways would be a long and uphill fight.

In the trade negotiations with France and Spain which were carried on fitfully during his term of office, Galt was influenced by his desire for a tariff agreement with the United Kingdom. He was averse to seeing either the United Kingdom or Canada tie its hands by treaties with foreign countries. As he wrote to Dilke in December, 1881: "I will not conceal from you that the policy I would like to see adopted is that of getting as near free exchange as we can with our own colonies, and a renewal

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of engagements with France makes this more remote." He was anxious, also, acting on instructions from Tilley, to avoid being hampered in later negotiations with other foreign powers by having promised France or Spain to accord them automatically most favored nation treatment.

Little progress was made with either France or Spain in the first years of his mission. The United Kingdom was negotiating with both countries, and the Foreign Office desired to have the right of way. Protectionist sentiment in France was still strong, and after 1881, the ill-feeling over Britain's occupation of Egypt caused much friction. In the case of Spain, the unpopularity of the British ambassador, Sir Robert Morier, proved a handicap, and Galt preferred to negotiate through the Spanish Minister at London, with whom he was on very good terms. These negotiations had just been begun when he resigned; they were carried through to success by Sir Charles Tupper. Speaking some years later in the House of Commons, Sir Charles threw light on some of the difficulties which his predecessor had faced and which on Sir Alexander's advice had been overcome in future arrangements with the Colonial and Foreign Offices: "When I had the honour of succeeding Sir Alexander Galt in the office of High Commissioner, he left for my information and perusal a document in which he said that he found himself greatly hampered in discharging the duties imposed upon him by the government of Canada, because he only stood in the position of a commercial commissioner, and it was necessary that all negotiations with the government of Spain should be filtered through Her Majesty's Minister at the Court of Madrid."²

Not the least important object of Galt's endeavours was to secure the abrogation of the clauses in the treaties between the United Kingdom and Belgium and the German Zollverein, assuring these countries any tariff privileges

²Hansard, May 12, 1887.

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granted by a British colony to the United Kingdom or a sister colony. These privileges would automatically extend to other countries having most favoured nation relations with the United Kingdom, and thus it was practically impossible to set up any exclusive preference within the Empire. Sir Charles Dilke expressed great sympathy with this object, but upon inquiry both countries expressed unwillingness to alter this clause alone, and the attempt to secure freedom of action was postponed.³

Neither the subject of imperial preference nor the denunciation of the Belgian and German treaties as a necessary preliminary step became a practical issue again during the later period of Sir Alexander's term of office. They did not pass from his mind, however, and nearly a decade later, when the question of unrestricted reciprocity with the United States was being hotly debated in Canada, he endeavoured once more to turn men's thoughts into the channel of inter-imperial preference.⁴

But in the eighties these and still more notable developments were still in the future. During his tenure of office as High Commissioner, Galt was almost equally interested in other phases of imperial relationship, defence in some measure, and especially the question of the reorganization of the political machinery of the Empire.

The defence of the Empire and Canada's relation to it,

³On February 27, 1882, the Colonial Office passed on to Galt from the Foreign Office the results of the inquiries made:—Her Majesty's Minister at Brussels has now reported, that in the opinion of the Belgian Government the exemption desired by the Dominion of Canada would necessitate the denunciation of the Treaty of 1862, and the negotiation of a fresh treaty to replace it, and Her Majesty's Ambassador at Berlin has learnt that in the opinion of the competent German authorities, it would not be either convenient or desirable to abrogate single articles of the Treaty of 1865 apart from a general revision of the whole instrument, for which, however, there did not appear to be any immediate necessity.

⁴See Chapter XIX.

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had ceased to be a burning issue with the rapid return of the United States to a civilian footing and the settlement of the disputes outstanding with that country. The revival of colonial ambitions on the part of Continental European powers was just beginning to affect naval and military policy, but as yet the mad rivalry of a generation later was only in the germ. Even so, some stirrings of national spirit led to a sporadic discussion in Canada of means of taking part in naval as well as military defence.

In 1881, the government decided to establish a training-school for naval officers, and to assist in carrying out this plan the British government offered a gunboat just returned from the China station, the *Charybdis*, as a free gift. Unfortunately, the old tub was hardly in shape for service. Writing to Tilley in July, 1881, Galt declares: "You will want all your surplus if you are favored with many more presents from the British Government. Your last favor is the *Charybdis*. To-day I have an official report condemning the boilers, and saying she must be laid up till spring. I have cabled Pope about his ship, adding my recommendations that she had better be returned with thanks. . . . Every blessed thing was taken out of her down to the tin cups of the crew. . . . If the rotten hull of a wooden ship constitutes a man-of-war, then you have got a splendid commencement of a navy." The Canadian government decided not to accept the proffered gift, and the training-school idea came to nothing.

Much more spectacular were the projects which came to birth in this period for the political reorganization of the empire. The belief prevalent in the United Kingdom a few years earlier that separation was inevitable, had died away with the passing of the danger from the United States, the growing realization of the potentialities of the colonies, and the new international rivalry for privileged trade areas which had followed the consolidation of the nationalities of Western Europe. Many in the colonies

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who had shared the same views came to believe that the share in the shaping of foreign policy which independence was designed to secure might be attained more effectively by some form of imperial federation, now that the changing temper of British public men made it practical at last to discuss such a plan.

With his usual interest in broad questions, and his responsiveness to the changing currents of thought, Sir Alexander became one of the foremost advocates of the new policy. He discussed it on various occasions, but the most notable were two addresses delivered by invitation in Edinburgh and Greenock, in January, 1881, and reprinted in pamphlet form as *The Relations of the Colonies to the Empire: Present and Future*.

After reviewing the progress and sketching the possibilities of the colonies, Sir Alexander declared that it was not likely that the millions of intelligent, energetic men in the self-governing colonies would long be content with the position they at present enjoyed in the British Empire. What was the remedy? Separation? This was neither desirable nor necessary. For the United Kingdom it would mean a loss of prestige, of trade opportunities and naval strength. For the colonies it would mean an insignificant position in the world, a position like that of a South American republic, or one of the minor nations, which exercised no influence on human affairs and were the very playthings of the powerful nations of the earth. What then? The difficulty in Ireland pointed the way. It was impossible that the distress and discontent there would end until some form of Home Rule had come. The disaffection which existed in Ireland was not so much that England misgoverned Ireland but that she governed Ireland at all. It was a realization of this situation, a situation that had very direct consequences for Canada in the Fenian raids, which had lately led the Canadian parliament to send its much-criticised address, petitioning

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the Queen to give her assent to a measure for the self-government of Ireland. Canada's experiences of federation pointed the remedy—the extension of the principle of federation to the whole self-governing empire, with the general interests which concerned all consolidated under the general legislature, and with local interests entrusted to the legislatures of England, Scotland, Ireland, Canada and Australia. The British Empire, he concluded, had grown beyond its political system. He hoped that whatever changes came would be in a direction which would give vitality and permanence to the Empire: "I cannot believe that the statesmen who have built up this great empire have not bequeathed ability and talent enough to their successors to hold it together."

In these and similar utterances Galt developed one phase of the policy of empire which was eventually to take shape by the reconciling of opposing but complementary principles. Neither the imperial federation plan which he, and soon afterwards, so many others advocated, nor the independence which he had defended a decade earlier, was to commend itself wholly to the generation which followed, but each policy contributed an essential element to the new connection of the Empire as an alliance of independent states which in our own times has come to prevail in doctrine and in practice.

His colleagues in Canada were now more nationalist than he. Sir Charles Tupper wrote him in March, 1883: "I read with great interest your speeches at Edinburgh, Greenock, and Liverpool, and need not tell you that they showed your usual ability. Of course, you know that I do not agree with you on the question of Imperial Federation, believing as I do that we will for many years find ample work in consolidating our existing constitution and developing our material resources." Macdonald, writing on February 2, was equally opposed to any plans for submerging Canada in a London parliament: "We are in-

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formed by telegraph of your speech at Edinburgh, and I await with some little anxiety its arrival in extenso. I hope you have not committed yourself too much to the project of Imperial Federation, which, in my humble opinion, can never be worked out."

It was not, however, in these essays in high policy that the time and energy of the High Commissioner were chiefly concerned. The pressing and practical task before him was to promote emigration from the British Isles to Canada. At great cost the Dominion was opening the North West to settlement, and unless emigrants could be found in large numbers, the rails of the Canadian Pacific would rust and the country be saddled with a vast and useless expenditure. The need of men from overseas was the greater because of the constant drain, "the exodus," from Canada itself to the United States, though the very fact of this migration, exaggerated by United States agencies, was the greatest stumbling-block in the path of success in the United Kingdom.

The Dominion had already several emigration agents in the United Kingdom, but dry rot had set in. "So far as I can judge," Galt wrote to Pope, who, as Minister of Agriculture, was in charge of immigration, shortly after his arrival in England, "the whole establishment here is a complete sham and waste of money. Dyke at Liverpool is a really good man, but the rest are simply obstructions." He effected a thoroughgoing shake-up in the staff, and secured the adoption of more business-like methods. Some improvements were made in the pamphlets and settlers' and delegates' reports prepared for distribution, though characteristically the freedom of action of the man on the spot was hampered herein by the necessity of having all the appropriation for printing spent in Canada as an incident in the patronage system. Galt took every occasion to cultivate friendly relations with the press, and

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by his speeches and other activities endeavored to keep Canada in the mind of the public.

He felt, however, that some policy more striking and comprehensive than these routine methods should be adopted, wholesale rather than retail measures. The agricultural depression in Great Britain, and still more the distress and famine in Ireland, for the relief of which the Canadian parliament had the year before voted \$100,000, appeared to offer the opportunity and the need for a scheme of emigration on an unprecedented scale. In season and out he sought to enlist the sympathy and aid of the government, and later of private associations, in such a plan. He urged that it was the only effective way of draining the swamp of misery in Ireland: with an appropriate Irish bull, he declared in one of his letters to Macdonald, that "in the end Kimberley and Forster must discover that there is no other way of making the west of Ireland support its 600,000 souls than to take half of them away." And if they were to leave, there was no question that it was to the interest of the whole empire that they should go to Canada rather than be lost to the flag. If left to themselves, it would be to the United States they would go. There the first tide had flowed, and as three out of four new emigrants had their passage paid by friends on the other side, the start of the United States was hard to overcome.

In debating ways and means of promoting emigration on a large scale, Galt considered the advisability of reviving once more the land company plan. The chief shareholders of the Canada Company in London were approached, and showed some interest. The homestead and preëmption system which had been adopted in the North-West was found, however, to preclude the activities of a company organized on a commercial basis, and Galt turned once more to the government for aid. He drew up a plan for joint action between the British and Canadian Gov-

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ernments which enlisted the sympathy of Forster, the more cautious approval of Kimberley, and the endorsement of the Canadian Cabinet. It was manifest, Galt premised, that it was only by the removal of entire families that any sensible relief could be secured; provision would have to be made not only for their transport but for their maintenance until a crop had been secured. He proposed, therefore, that ready-made farms should be prepared in the North-West, a small dwelling built and about eight acres of land broken and prepared for a crop, the first settlers being employed to do this work for the later comers. Forty pounds would be required for transportation and the same amount to prepare the land. The Canadian government would give a free homestead with pre-emption rights; a Commission or National Emigration Association, to which the British government should advance funds at a low rate of interest, would organize and carry out the work, the outlay being made a first charge on each settler's land, to be paid off in annual instalments. One of Galt's later letters put his estimate of the cost of the plan as it should be carried out at £10,000,000,—rather a large sum for Victorian days.

The fate of the proposal is seen from letters to MacDonald:

20 November, 1880.

. . . Mr. Forster commenced by expressing his sense of the obligation they felt under to the Canadian Government for their expressed readiness to co-operate, as far as emigration can help, in the remedial measures of the government. But in the present condition of Ireland he feared that the announcement of any government plan of emigration would almost certainly produce violent opposition. He said they were going to bring down a land bill, and he hoped in connection with it they might be able to introduce systematic emigration. . . . I mentioned that Lord Lorne had given me private letters to several of the leading Irish landlords, but I desired to consult his wishes in regard to using them. He said that at present he would prefer that I withheld them, as he thought the landlords were so peculiarly situated that

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any action by them would be viewed with great suspicion. He hoped the time would come when their co-operation might be safely asked. . . .

I mentioned to Mr. Forster your suggestion that I might perhaps with advantage place myself in communication with the Catholic hierarchy. This idea struck him very favorably, and he mentioned as a confidential communication that the government had an understanding with the better part of the prelates, though several, including the Archbishop of Cashel, were identified with the agitators. . . . I then suggested that you might induce the Catholic bishops in Canada to convey to their colleagues in Ireland their approval of emigration to Canada, and state the manner in which their faith and morals would be conserved by their own priests. Mr. Forster was much pleased, and begged me to ask you to do so, which I have done by cable. He said that the Irish priesthood was opposing emigration, to a great extent from the belief that their people, when they got into the large American towns, became demoralized, and that it would be most useful if the Canadian bishops would point out that in Canada, on our farming lands, the people would be well cared for. . . .

4th January, 1881.

I cabled you yesterday the purport of my interview with Forster, whereby you will learn that emigration will not be referred to in the Speech. He said he had submitted our proposal to all his colleagues, and that the principal opposition had come from Mr. Gladstone, who would not listen to any suggestion that the Exchequer should be put to such charges. He also said they feared it would add to the hostility of the Irish toward the government measures. I offered to see Gladstone, but he considered it of no use. . . .

I am very deeply chagrined at this result, for I have grave doubts whether such another opportunity will ever recur. . . .

Systematic plans of emigration were at a discount in Ireland. The Land League movement was at its height; the people had determined that "their America was here or nowhere," and the Nationalist leaders looked upon emigration as a device for draining the country of the most enterprising men and for blocking the reform in the land system which was long overdue. They wanted to attack the cause, not the symptoms of the disease. Hence Galt

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fares little better when he turned to the Irish landlords, with many of whom, particularly Lord Lansdowne, he entered into detailed discussion. The visit of Archbishop Lynch, of Toronto, to Ireland in 1882, and letters written by other Canadian prelates, at the government's suggestion, had somewhat more effect. A little earlier Galt had discussed plans of co-operation in emigration with the directors of the Canadian Pacific. One outcome was seen when in 1883 the Company made the British Government an offer to settle 10,000 Irish families upon stocked and equipped farms in Manitoba, provided the government lent them £1,000,000 without interest for ten years. The British authorities sought a guarantee of the loan from the Canadian government, and when it declined, the plan fell through. It was announced that the British government would itself back a similar plan in the spring of 1884, but violent opposition by the Nationalists ended any such idea.

Seeking elsewhere for men, Galt discussed emigration in every promising quarter from Highland landlords to Russian Jews' relief committees. No systematic policy was adopted by any of the bodies approached, but individual emigration increased notably, for a time. The boom in the North-West gave a fillip to emigration, but it died down as soon as depression came. Not till Canadians themselves had proved the land, and not until the free land of the United States had practically vanished, was the great west to attract the settlers it cried for and could so amply reward.

One legacy of these activities was the responsibility which Sir Alexander assumed upon his return to Canada of looking after a colony of Russian Jews settled near Moosomin, a task of no little magnitude which for many years kept him in close communication with the Montagus, Rothschilds, and other leaders of the Jewish community in London.

HIGH COMMISSIONER

Throughout these and other activities, Sir Alexander had been distracted by the desire to return to Canada. His health, which had hitherto been robust, had suffered. "There is either something in the air of London," he wrote Macdonald, in March, 1882, "which does not agree with me, or the confinement and regular office work tell injuriously on me. I have not had two days of thorough health since the first of December, and you and I both know that at our age such monitions must not be neglected." "There is no use my continuing constantly feeling poorly," he wrote again, "and unfit for work, while I have the conviction that a return home will make me well. 'At my time of life,' as poor old Hincks said, I cannot afford to waste my remaining strength, and I have much to do in Canada before my final disappearance, I hope."

It was not, however, his ill-health alone which led Galt to think of returning to Canada. Canada's first diplomat was experiencing the difficulty which has faced every democracy in the conduct of diplomacy. As the game has been played, the diplomats who wished to maintain the dignity of their office and their country, to meet on an equal footing the personages in society and finance who in the past have guided the destinies of nations behind the scenes, have considered that they were compelled to spend generously. Yet there was nothing democracies were less willing to do than to provide adequately for their servants in these and other similar high places. The United States had starved its embassies, and in Canada one of the first acts of the parliament which met after Confederation was to attempt to cut down the Governor-General's salary. A government might with impunity waste millions in inefficient administration, but it dared not spend a few thousands in paying officials salaries materially higher than the income of the average voter. In the case of the High Commissioner, the salary had been fixed at \$10,000,

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with \$4,000 for dwelling and contingencies, a sum which fell very far short of meeting what Galt considered the necessary outlay. Had his private finances been in the condition of earlier years, he would gladly have borne the added expense out of his own pocket, but during the depression in Canada his estate had been seriously encumbered, and for the time the net income had materially fallen. He put the case frankly before Macdonald a year after taking office:

13 March, 1881.

You recommend me to hold on, cut down expenses, and suspend hospitalities, etc. All this I have done to the fullest extent possible, but it does not fit in with my ideal of usefulness. Let us consider the position. . . .

. . . . As I told you when in London, my early expenditure was \$150 a month more than my salary, and even this would not have been enough. I then clearly saw that the thing was impracticable; you could not help me, and I could not help myself. However, having then adopted the course you now suggest, and having luckily got something more out of my own estate, I have at last a sense of freedom, and shall not trouble you any more. I have systematically abstained from making calls and accepting invitations, which I cannot return, and generally placed myself under close reefed topsails. But this is neither pleasant nor is it the course the High Commissioner of Canada should take.

To succeed in influencing public opinion and the government in favour of Canada, both as a field for emigration, and also looking to a change in trade policy, it is essential that one should meet in society the large landlords, the leaders of the Conservative Party and generally members of both Houses. This cannot be done by staying at home. It means frequenting the clubs (of which I have plenty), going to the House, appearing at dinners and receptions, in short, keeping myself before the Public. You can get a hundred men quite as good as I am, to sit in my office and write letters, but if you ever expected real service from me, it could only be in the personal influence I could exercise in the circles referred to. Circumstances render it impossible for me to do what you have a right to expect, and what I consider imperative.

Let me now ask you as an old friend, and not as Premier of Canada, to reflect that if I have duties to my country, and possibly ambitions for myself (though the latter are pretty well extin-

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guished), that I have still more serious responsibilities, as the father of eleven children, eight of whom are daughters, and that I am sixty-four years old. My coming here at all I now see was a most serious error, and I cannot again resume the place I had in Canada, without serious loss and difficulty, but this far better than to attempt the impossible task of remaining. Returning, I shall have a good hope of taking advantage of the evident return of prosperity and speculation to extricate my estate, and to avail myself of some one of the many openings which must arise in connection with the North West. . . .

I have no other definite plans in view, only wishing to see my way out of my present false position.

I think you should insist now on your Representative being recognized as a member of the Corps Diplomatique. It is really the only proper definition of his rank, and the only way to ensure proper respect here. As a *Colonial* these "arrogant insulars" turn up their noses at us all. It strikes me I shall make this *confidentially* but officially the real ground of my resignation. . . .

A little earlier he had written to Sir Charles Tupper:

. . . . With my large family I cannot live here as I consider I ought to do without spending \$1,500 a year of my own, and this is in the first place inconvenient, and secondly, paying too dear for the honour of representing Canada.

Of course, circumstances may alter the situation, and it may appear my duty to remain, but at present I do not see it. . . . You mentioned while you were here that you would yourself rather like this English mission. I confess I am heartily tired of it, and the post is quite at your service. I should prefer going back to Parliament or helping to do my part particularly in the colonization of the North-West.

Upon the strong urging of Macdonald and Tilley, Galt agreed to stay on. A year later, with failing health added to his other reasons, he put in a formal resignation, but was again prevailed upon to withdraw it for the time. It was only for the time, however, and on June 1, 1883, he definitely retired from office, Sir Charles Tupper succeeding him.

In the nearly six years which he had given to the diplomatic service of his country, Sir Alexander Galt had not

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carried through all the projects his fertile imagination had conceived, but he had done a great deal to help bring Canada before the world. The government and the general public in the United Kingdom, and the statesmen of Western Europe had been made in great measure familiar with the possibilities and ambitions of the new power among the nations, and the foundations had been well and soundly laid for the development of the inter-imperial interest and the international relations which were to be the outstanding feature of the succeeding generation.

CHAPTER XVIII

The North Western Enterprises

The Coal Discoveries—The Passing of the Wilderness—River, Rail and Riel—Depression and a Way Out—The Problem of the Semi-Arid Belt—The Coming of Success.

IN Galt's letters, written in the first year or two of his work in London, one note recurs again and again: "I should like to have a hand in opening up our North West." For any of the men who had taken a leading part in bringing the North West into relation with Eastern Canada, this would have been a natural aspiration, but it was particularly fitting that the son of the man who had helped open western Upper Canada to the settler, the man who himself had shared so notably in the development of the Eastern Townships and of the whole united province, should now look westward for a constructive task for his closing years.

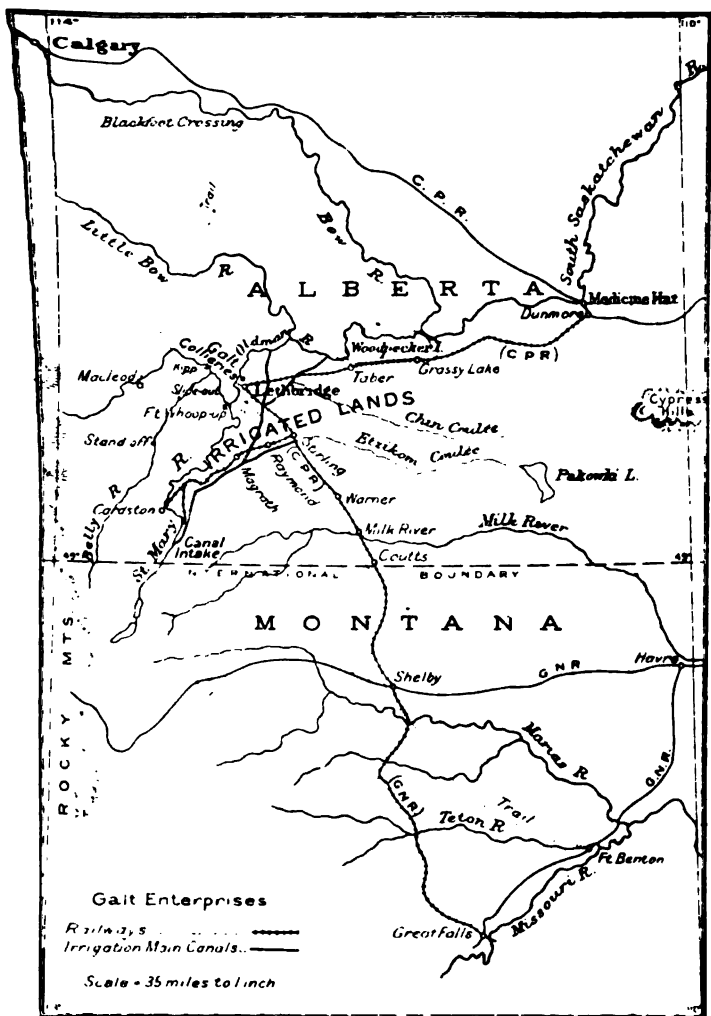
The opportunity soon came. Two of Sir Alexander's sons followed the lure of the West. John Galt, after some five years' service with the Bank of Montreal, decided to enter commercial life, and in 1882 formed a partnership in Winnipeg with his cousin, George F. Galt, son of Sir Thomas, as wholesalers and importers. Elliott T. Galt, in 1879, had entered the Department of the Interior at Ottawa, but he was soon transferred to the West, and two years later was made Assistant Indian Commissioner, with headquarters at Regina, and the whole western wilderness as his field of operations. During his travels in the spring of 1879, the presence of coal

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Navigation Company, with William Lethbridge as president, and a capital of £50,000 to mine and market the coal.

Nowhere in America was the transition from the hunting and fighting of Indian tribes to the activities of joint-stock companies made so abruptly as in the district where the new enterprise was to be developed. The provisional district of Alberta, as the southern half of what is now the province of Alberta was designated in 1882, had until a year or two before been utter wilderness. It had long been the home of some of the most daring and most intelligent of the Indian tribes belonging to the great Sioux, Blackfeet, Blood, Piegan, Sarcee and Assiniboine families. The vast herds of buffalo which roamed the central plains gave them their livelihood, and the scalping-raid and the sun-dance were still foremost in their recreation. The Hudson's Bay Company had built its posts and made its trails at far distances through the country. Later, whiskey traders from across the American border had done their part in uplifting the natives to the white man's level.

It was not until the territory was conveyed to the Dominion in 1870, and the North West Mounted Police had pitched their tents on the banks of Old Man's River, at Fort Macleod, in 1874, that the new order began. Changes came fast. In 1877 the treaty with the Blackfeet, concluded by Lieutenant-Governor Laird, opened the land to settlement. The very next year the buffalo failed the Indians, and they were compelled to fall back on government aid and on the farming possibilities of their reservations. As the buffalo disappeared, driven out by the rifle and the railway, the steer came in. In 1881 the first of the great cattle ranches, the Cochrane ranch, was established, west of Calgary, by a herd of



MAP OF THE GALT ENTERPRISES IN THE WEST

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cattle driven across the boundary from Montana, and the cattle days had begun.

The new district was still hundreds of miles from a railway. In 1881 the Canadian Pacific had only reached a hundred and fifty miles west of Winnipeg, though during the summer of 1882 construction was pushed with unprecedented speed, and by the end of the season rail-head was four hundred and fifty miles further west. The only communication between Alberta and the outside world was by bull-train and prairie schooner across the Montana plains to Fort Benton, the head of navigation on the Missouri River, whence by water and rail the east could at length be reached. With the arrival of the North West Mounted Police, the American firm, I. G. Baker and Company, aggressively sought the trading business south of Bow River, while the Hudson's Bay Company continued to reign supreme north thereof. The wants of the few ranchers and settlers were met by one or the other company—the main business in those days after the disappearance of the trade in buffalo hides being in supplying the Police and Indian Departments. The entire transport of the southern district was carried on by the American company. What use would be made of the net-work of rivers that poured from the Rockies was yet to be seen.

When the Coal Company undertook, in 1888, to begin mining operations on the Belly River, at a point later known, in honour of the president, as Lethbridge, Elliott Galt, who had been appointed manager, found it necessary to improvise the needed equipment on the spot or to bring it long distances at great effort and expense. For the timbering of the mine and for providing lumber for the company's buildings, a timber limit of fifty square miles was acquired in the Porcupine Hills, about sixty

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miles distant from Lethbridge. A portable saw mill was brought from eastern Canada by steamer up the Missouri River to Fort Benton, and thence by bull-train to the limit. To transport the mining timbers and lumber from the mill to Lethbridge the company purchased a bull-train and mule-train of their own. The bull-train consisted of four teams, each of sixteen bulls yoked together and drawing three wagons. Each set of wagons had a capacity of about eleven tons, or forty-four tons for the train. The mules, which were brought up from St. Louis, were likewise divided into four teams, each of sixteen mules, drawing the same load. A fair day's journey for the bulls was twelve miles, while the mules could make eighteen.

The next problem was to arrange for transporting the coal. The located line of the Canadian Pacific, following the North Saskatchewan valley as surveyed by the government during the Mackenzie regime, had been abandoned by the syndicate formed to build the road. General Rosser, its first manager, is credited with issuing in 1880 instructions which seem to indicate that he had read how the Czar of Russia had settled the location of the railway from Petrograd to Moscow. Taking the engineer to a wall-map and stretching his arms across it with his fingers placed on Winnipeg and Fort Calgary—as then known—he declared: “You are to find the shortest possible line between these two points—some eight hundred miles apart—consistent with sound methods of location.” This new line across the plains finally followed the Bow River valley, leaving the “coal banks” still to the south and about one hundred miles from the most accessible point of the proposed railway.

The plan of Galt and his associates was to utilize the river-system, floating the coal in steamers and barges down the Belly River to its junction with the Bow and thence along the South Saskatchewan to Medicine Hat,

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where the Canadian Pacific was to touch. While, therefore, levels were being run along the coal seam into the river bank of the east side of the Belly River at Lethbridge, which, it had been decided, was the most promising location, preparations were made for building a steamer and coal barges on the spot. Captain Todd of Pittsburgh, experienced in building and sailing stern-wheel steamers on the Ohio, was engaged to superintend getting out the timbers from the Porcupine Hills. Early in the spring of 1883 the timbers were hauled to Lethbridge. Before the summer was over a steamer, the *Baroness*, named in honour of Baroness Burdett-Coutts, and eighteen barges had been completed. The *Baroness* was 225 feet long, with a beam of 24 feet and a draft of only three, and handled six barges with a capacity of about a thousand tons of coal. At the same time timbers for building a second steamer, the *Alberta*, of the same capacity, had been brought over the line of the Canadian Pacific to Medicine Hat. In the spring of 1884 the *Baroness* was floated down to the same point, where both steamers received their machinery, which had been brought in by rail from Pittsburgh, and by the middle of May were ready for business. Whether the river was, remained to be determined.

The Belly River takes its rise in the Rockies. Its volume of flow depends upon the melting of snow in the mountains. In the early eighties there was no dependable information available as to its behaviour. Observations made in later years indicate that it begins its rise early in May and by the middle of that month is a large and swiftly flowing river. It usually reaches its height about the 20th of June, maintains this level for a fortnight, and then falls rapidly for another fortnight. If navigable for commercial craft—and no other attempt has been made in the intervening years—it is during the season of high water, which averages about six weeks.

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Even then its tortuous channel and frequent rapids make navigation difficult.

In the summer of 1884, the river proved unusually capricious and the season unusually short. "In 1883," Sir Alexander wrote Mr. Lethbridge early in 1885, "we floated barges from the mines early in May, had the highest water of the season on the fifth of July, and I myself went up the river in the *Baroness* about the tenth of August. In 1884 I waited at Medicine Hat for water till after the twenty-fourth of May, and by the twenty-eighth of June our boats and barges were tied up for the season." The difficulties of navigation may be surmised from the fact that while a steamer could make the trip down stream to Medicine Hat in eight hours, it took five days to return. Instead of the ten thousand tons planned, and for which a market was ready, barely a third of this amount could be taken out. Of this, three thousand tons were delivered to the Canadian Pacific.

It was clear that the river navigation could not be depended upon. A market was assured, as the Canadian Pacific was anxious to take from ten to twenty thousand tons a year, and the domestic demand all along the line from Winnipeg to the Rockies was very promising. The only course appeared to be to construct a railway from the mines to Dunmore, the nearest available point on the Canadian Pacific, a hundred and ten miles distant. Negotiations were entered into with William Van Horne (later Sir William), the new general manager of the latter company. Shrewd and alert to their own interests as they were, Van Horne and his fellow-directors realized clearly the extent to which their own property was bound up with the development of the country through which the railway passed. Not once, but scores of times, in the days to come, they aided or started manufacturing or mining enterprises, in order to create freight and build up cities along the line. Not least in the case of the

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Lethbridge undertakings, their faith and support began early and persisted late. They agreed to take at least 20,000 tons of coal a year, for five years, at five dollars a ton, delivered at Dunmore, near Medicine Hat, and promised reasonable freight rates on the coal to points along their line.

With this contract as a basis, and the now evident necessity of greatly increased expenditure, if the capital already invested was not to be lost, Sir Alexander looked about for ways and means. It was proposed to construct a narrow gauge railway, three feet instead of the standard four feet eight and a half inches wide. At Ottawa, he succeeded in obtaining from the government the promise of a land grant, cut from the usual 6400 acres per mile to 3840 acres because the railway was not of the standard gauge, with the privilege of purchasing 10,000 acres of coal land in and around Lethbridge at \$10 per acre. As a first step the capital of the company was doubled, the greater part being subscribed in London.

The building of the railway was begun in the spring of 1885, and completed in September of the same year. To expedite matters, Sir Alexander had agreed to undertake the contract himself, and with Donald Grant, who had had experience in building the C.P.R., as sub-contractor, the work was done well within the estimate, in spite of the worries and delays as to finances, rails, and labour, which were inevitable in a pioneer project. Early in the same year, Lethbridge was planned and staked out. The planning was done on the broad lines that characterized all the work of Galt. The streets were made one hundred feet wide. In the centre of the original town site a ten-acre space was provided, intended temporarily as a turning ground for bull and mule trains taking freight from the railway. Afterwards the plot was used for sports and finally converted into the Galt Gardens.

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Before the railway was completed, the Company had an opportunity to render a substantial national service. In the spring of 1885 the second Riel rebellion broke out. The great object of the government was to secure speedy transport for troops and supplies, in order to make it possible to crush the outbreak before it had spread to the Indians, who were growing very restless. A gap in the Canadian Pacific north of Lake Superior was temporarily bridged, but in the west itself the railway was far to the south of the Saskatchewan valley where the strength of the half-breeds centred. Fortunately the great Saskatchewan and the Company's boats aided in meeting the need. Supplies and troops were taken on board the steamers and barges twenty miles north of Swift Current, and carried down the South Saskatchewan to Prince Albert, and thence up the North Branch to Battleford and Edmonton, a distance of over fifteen hundred miles.

This was not the only general service rendered by the Company. In 1883 it contracted to build for the government Mounted Police posts at Fort Macleod, Medicine Hat and Maple Creek, all of which were completed in 1885. For several years it operated ferries at Lethbridge, Kipp and Fort Macleod. A mail stage was run between Medicine Hat, Lethbridge and Fort Macleod, a distance of one hundred and forty miles. With relays of horses every thirty miles this distance was covered in twenty-four hours. In short, the Company undertook every unmet task within its reach that promised to help the development of the district, and incidentally to pay its own way.

The Canadian Pacific was completed from coast to coast early in 1886. Yet the wondrous development which all men had expected in its train did not come. In fact, as soon as the temporary activity caused by the

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expenditure on its construction had ceased, a depression followed which was relieved only at fitful intervals in the next twelve or fifteen years. Frost and drought, low prices for grain and high prices for farm implements, railway monopoly and the allurements of the western states, deterred many potential settlers and drove others out. From 1881 to 1891 the population of Manitoba and the North West grew only from 180,000 to 250,000, while in the same decade Dakota alone advanced from 135,000 to 510,000. The exodus of Canadians to the United States, unprecedented in history, grew apace, while our own west called in vain. The number of homestead entries taken out in 1882 was not again reached for twenty years and by 1896, with tens of millions of acres to be had for the asking, the number of eastern Canadians who had sufficient faith in the west to take out homesteads had fallen to the incredibly small number of 575.

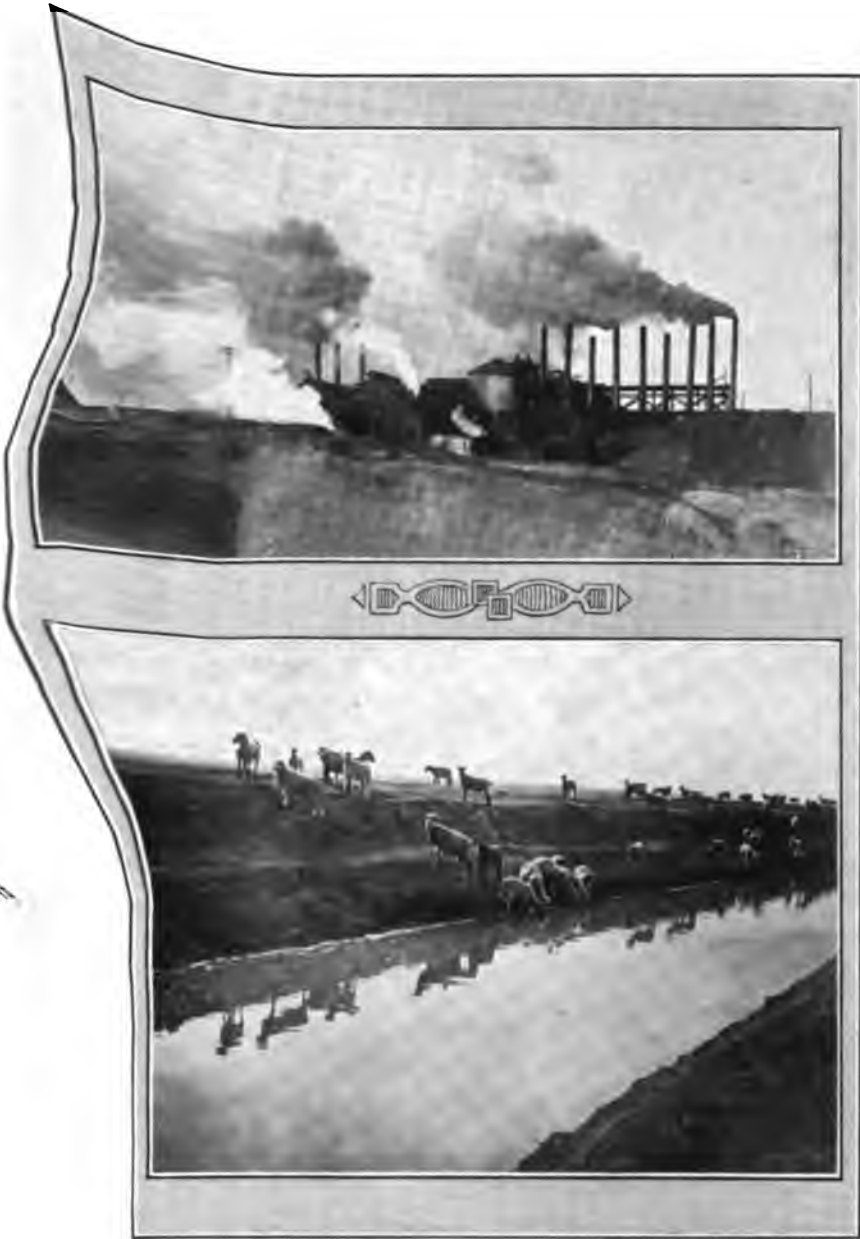
In those days of disappointment and depression, when markets failed and prices fell, Galt never lost faith in the West and in the enterprises he himself had established. It meant economies that cut to the bone, incessant seeking for opportunities to turn another penny, and repeated visits to London to reassure doubting investors and to raise further large sums of money for deficits or extensions. Not a year passed that Sir Alexander or Elliott Galt did not cross the ocean at least once, and usually two or three times. It was not easy work, in face of hope continually deferred and optimistic forecasts repeatedly belied by fact. Fortunately his chief associates had faith in him, and in spite of appearances, they caught his faith in the west. Fortunately, too, the men at the head of the Canadian Pacific had both grit and foresight. When the railway itself was put to shifts to find traffic, and when its stock had fallen even below fifty, Van Horne and later Shaughnessy (now Lord

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Shaughnessy) continued to co-operate in every feasible way to help the coal company through. It was in these days that experience taught Van Horne a maxim he was fond of quoting: "Had the men who undertook any great enterprise since time began realized half the obstacles and discouragements they would meet, they would never have started, but fortunately they didn't—and don't."

Since Canada did not offer a sufficient market, Galt decided to seek an outlet in the United States. In Winnipeg, Pennsylvania and Ohio coal had come in to compete with the Galt coal, compelling a reduction of prices, which was offset to some extent by economies in working effected by introducing coal-cutting machinery. The Company was encouraged to seek a market in the territory reached by the Great Northern in Montana, where the local fuels were not equal for household purposes to the "Galt coal." This, however, necessitated railway connection. Accordingly, in 1889 the Alberta Railway and Coal Company was formed, absorbing the Northwestern Coal and Navigation Company. It obtained a charter to build a narrow gauge road from Lethbridge to the boundary at Coutts, 65 miles distant, aided by the usual government subsidy of 6,400 acres per mile. In Montana a charter was secured, under the title of the Great Falls and Canada Railway Company, to build the 135 miles from Coutts to Great Falls, an important town on the Great Northern. By September, 1890, the road was completed, and coal was then shipped to many points along the Great Northern Line.

With the earning of the land grants given for the construction of the two lines of railway, the Company had now become nearly as much interested in land as in coal. Yet with over eight hundred thousand acres in its pos-



DEVELOPING SOUTHERN ALBERTA

**GALT COLLIERIES, SHAFT NO. 3
AN IRRIGATION CANAL**

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session it was land poor. It was essential to sell a great part of the grants at once in order to meet the outlay incurred in building the roads, and to build up a good local market. In the early nineties, this was no easy task, and especially not in the section of southern Alberta where the Company's holdings lay.

With reluctance the great majority of the settlers in the district south of Calgary had concluded that the country, while admirably adapted for stock-raising, was too hopelessly arid for ordinary farming. In the year 1884, the rainfall had been, as later investigations showed, unprecedentedly great, and for a year or so afterward the store of water in river and basin had confirmed the early and very limited number of settlers in concluding that ordinary eastern farming methods would avail. But as the years passed by, and one dry season followed another, even the most optimistic admitted that their land of promise was undoubtedly an extension of the "great American Desert." The Canadian Pacific in these years found great difficulty in securing even enough water for its locomotives, and on portions of its line it had to haul auxiliary water tenders.

In the region adjoining the boundary line, between Moose Jaw and Calgary, covering many millions of acres, the rainfall averaged only ten or fifteen inches a year, and much even of this fell at the wrong season. With dry-farming still a device of the future, it seemed as if this great area must be barred to the farmer. Yet the soil was rich, a good alluvial loam with clay or gravel subsoil, and the temperature admirably suited to grain-growing, if only water were to be had. Inevitably men looked south, where precisely similar conditions had been faced, with results which meant that the "desert" of the early atlases was rapidly becoming a garden. Irrigation had redeemed Utah and Colorado and other western states; it might be the making of southern Alberta and

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Saskatchewan. In the eastern part of the area, it was true, there were few sources of water available, unless the South Saskatchewan could be tapped, but nearer the mountains a dozen snow-fed streams offered an opportunity. A few scattered pioneers made experiments on a small scale. As early as 1879 John Glen had built a ditch for his farm south of Calgary which proved the possibilities of irrigation, and other settlers, particularly those from irrigation districts in the United States, carried on sporadic enterprises. At last, desperation over the unbroken drought, the persistent preaching of William Pearce, an oldtimer in the government service, and successful experiments carried on by John Quirk and others at Sheep Creek, gave the movement shape and impetus.

Galt and his associates were among the first to realize the possibility of irrigation on a large scale. A great part of their holdings lay close to the Belly and St. Mary Rivers, and, given funds, could easily be irrigated. From the foothills of the Rockies the plains fell in steady and for the most part gradual slope to eastward and northward. Rivers flowed abundantly from the mountain sides, but they had scored deep passage-ways in the soft and fertile soil, and were largely unavailable for the needs of near-by settlers. It was Elliott Galt's plan to get back to the heights of the waters, conduct them along the higher ridges, and make them available for the farming communities that soon would fill the vacant spaces.

For these ends large funds and ready purchasers were required. The funds were not in sight, nor yet the settlers. London was chary about sending more money. Immigration into western Canada, never very vigorous, had almost ceased. The company looked for aid in a somewhat unexpected quarter—to the Mormons, who in 1887 had located in the extreme western part of Alberta. The settlement was founded by Charles Ora Card, who

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with some associates came north from Utah through Washington into British Columbia in 1886. They reached the line of the Canadian Pacific and following it eastward to Calgary then started southward looking for a suitable district within which to settle. Finally when within ten miles of the international boundary, they found what they wanted along Lees Creek, which enters St. Mary's River from the West. They continued southward to Utah, returning the following spring and started their hamlet on Lees Creek, now the town of Cardston.

In the development of irrigation in the arid belt of the Western States, the Mormons had been pioneers among English-speaking folk. When in 1847 Brigham Young led the advance guard of the Saints into Great Salt Lake Valley, he saw that without water the land they had chosen for refuge would be a desert. When in that year the waters of City Creek were diverted to the thirsty soil of the Great Basin, irrigation on a commercial scale had begun. For forty years the Mormons retained their leadership in the art, and much of the prosperity of Utah was based on their skill. It was not merely their experience, however, that fitted them peculiarly for such a task as Southern Alberta presented. They had developed a labor system which largely overcame difficulties in finance. Most of their canals were dug by the common labor of the settlers. Each farmer did work in proportion to the amount of land he wished to irrigate, and companies were formed and stock issued on this basis. Only a common religious tie and a highly organized system of government could have made such a method feasible.

Late in the autumn of 1890 some prominent members of the Church visited the Cardston district and were so much impressed with the possibilities of the country that they made a proposal to the company which ultimately led to an agreement to buy 700,000 acres of its lands at

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one dollar per acre, payable in ten equal annual instalments, with interest at six per cent. The plan, as called for in the agreement, was to develop a great irrigation system, utilizing the labour of the incoming settlers. Even under their methods, however, some capital was required. After two years of effort, years of continued depression and falling values, they found it impossible to carry out the contract and the land reverted to the company. Incidentally it may be noted that a few years afterwards when the irrigation canals had been constructed, the lands sold to them at a dollar an acre brought fifteen to twenty dollars without water rights, and forty dollars with water rights, while the present-day (1919) value is about one hundred dollars per acre and even higher.

This arrangement failing, the company took power to carry on the work itself. In 1892 the Alberta Railway Company was given the right to construct irrigation works, and a year later a separate company was chartered for this purpose, the Alberta Irrigation Company.

Just at this critical juncture, the man who had done so much to make the whole enterprise possible passed away. So intimately, however, was the work bound up with his life and hopes, so great had been his faith, that it is essential to survey briefly the further history of the company until the day when success justified his judgment.

There was no doubt as to the choice of a successor. From the very start, Elliott Galt had been closely associated with his father in the enterprise. He had inherited a full share of the pioneering genius of John Galt and of the financial ability of his father. It was he who had planned the railway extensions, and made the arrangements with James J. Hill for supplying coal to Montana, and the irrigation projects were also his conception. His tact and good judgment won for the company the good-

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will and support of the Canadian Pacific, essential to full success. "He was a white man if ever there was one in the North West," Van Horne summed him up. He had won the confidence of the English investors, in spite of the constant deferring of their hopes, and accordingly they elected him president of the company and determined to hold on until success came.

The prospect before the new president was a dark one. The North West had reached its lowest depths of depression. Settlement had come to a standstill. The Canadian Pacific had ceased to expand. The company's fortunes reflected the prevalent stagnation. Its bonds, on which only a fraction of the interest due had been paid for some years, stood at a heavy discount, and foreclosure proceedings had been considered. The shares were considered practically worthless. Yet the new management, like the old, had abiding faith and persistence, and at once bent to the task of tiding over the hard years until prosperity must come.

As a first step, it was necessary to cut down the bond and share issues so as to make it possible to raise further capital for the requirements of the company. This involved almost endless negotiations, but at last a plan of reorganization was agreed upon by all the parties interested. Then the legislation necessary to give effect to the plan was sought and secured from the Dominion parliament. These transactions, along with routine tasks, took much time, so that it was not until 1897 that the company was in a position to take up the irrigation projects effectively.

The first real support to that end came from the Minister of the Interior, now Sir Clifford Sifton. He offered in 1897 to release the company from something in the neighborhood of \$50,000, being the balance due by it on account of survey dues of 10 cents per acre collected by the government on all lands given in aid of railway con-

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struction. It was the turning point in the company's struggles. Elliott Galt shortly after succeeded in getting within his company sufficient support to enable him to proceed without further delay. In the same year the services were secured of one of the most eminent of irrigation engineers, George G. Anderson of Denver, to determine the cost of an irrigation system sufficient to bring the company's waste lands into use. When his reports and plans were in hand, and the feasibility of the project was demonstrated, it was determined to proceed with the work. After much difficulty, and frequent journeys to London, the necessary funds were secured. At this juncture, in 1897, the Canadian Pacific agreed to assist by donating \$100,000, payable in annual instalments. That company held millions of acres in the angle between the Bow, the Red Deer and the South Saskatchewan which were considered of little immediate value, but would lend themselves readily to a great irrigation project once the expediency under Alberta conditions was made certain. It was realized that the success of this pioneer irrigation movement, which eventually involved expenditures approaching \$2,000,000, would largely turn upon the use of the services of men already familiar with irrigation development. Negotiations were therefore opened with the Mormon Church at Salt Lake City looking to the assistance of its adherents in the Cardston district. Finally a contract was entered into for the excavation of certain main arteries and laterals, payment therefor to be one-half in cash and one-half in land, with water rights, at \$3.00 per acre, but subject to certain settlement conditions. The negotiations leading up to the arrangement were carried on mainly by C. A. Magrath, who had come west in 1878 on surveying bent, and had been with the company since 1885, first as Land Commissioner and later as Manager of the Irrigation Company. He was soon to have a more personal connec-

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tion with the founders of the enterprise by his marriage to a daughter of Sir Alexander Galt. The main canal was completed from St. Mary's River to Lethbridge, a distance of 90 miles, by August, 1900, and many miles of laterals were constructed in the years immediately following.

By a curious freak of fate the irrigation canal had hardly been completed when the dry era ended. From 1898 onward for a few years the rainfall was abundant, coming at times in such volume as to play havoc with the newly constructed system of ditches. Apparently a climatic cycle existed. Yet the dryer years came again, and experience showed that even during the wet seasons the rain did not always come when required, whereas with water available crops were always assured. The irrigation canals also proved of great service for stock watering and domestic purposes through the seepage back to the river system from which the water was originally taken.

The lands tributary to the St. Mary's irrigation works lay at right angles to the Montana railway. Though there was scarcely a shack along the whole route, and settlement hung upon the success of the company's irrigation venture, it was next determined to build a railway to give easy access to these lands. A narrow gauge road, the St. Mary's River Railway, was run from Stirling, on the Montana railway, forty-seven miles southwest to Cardston, the centre of the Mormon settlement. Still further to assist development, the company, in 1901, aided Jesse Knight, a successful Utah sugar beet producer, in building a sugar factory at Raymond, and in establishing the beet-growing industry on the neighboring irrigated lands.

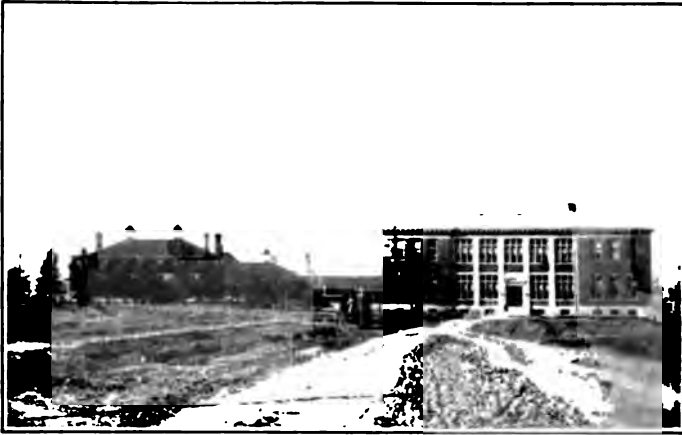
The expansion of the company was not yet completed. In 1902 half a million acres of land adjoining the company's areas were bought from the government under

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existing regulation, at \$3 per acre, subject to a rebate conditional on the company spending \$700,000 in further irrigation development. This involved the enlargement of the St. Mary's Canal, which was carried out without loss of time, as well as the building of a new canal from the Milk River. This latter project was well under way when the Waterways Treaty of 1909 was entered into between Canada and the United States. The terms of this treaty divided the waters of both streams equally between the two countries, and as the company had previously secured from the government the right of appropriation of the entire available flow of the main source of supply—the St. Mary's River—it was deemed useless to carry on farther canal extensions from Milk River until the actual division was being made between the two countries, and it was known whether there would be sufficient available water.

In 1890, it may be added, Sir Alexander Galt had built and endowed a hospital known as the Galt Hospital for the benefit of the employees of the company. Shortly after his death Elliott Galt added a residence for nurses, and still later, in conjunction with the city of Lethbridge, erected a second building in order to keep pace with the growing hospital needs of the district. This building was opened by Sir Wilfrid Laurier, September 1st, 1910. Finally, in 1913, the Board of Governors representing the Galt family transferred the entire property to the City of Lethbridge to be operated as a municipal hospital.

The years of trial were nearly over. At last the day of the West had come, and the faith that the few had held doggedly and against all disappointment and defeat had now spread to the many. With the filling up of the western states, the adoption of more scientific farming methods, and the initiation of a vigorous immigration



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policy, settlers began to pour into the plains and prairies by tens of thousands. Railways found new traffic and coal-mines new markets. Though in many years rich harvests were reaped without irrigation, the abundance and certainty of the crops on the irrigated lands, year in and year out, soon drove their lesson home. The Canadian Pacific carried through large projects, and with every recurrence of a disastrous dry year more and more settlers came to demand that the waters wasting to Hudson Bay should be made available. The pioneer work of the Galts and their associates had laid broad foundations for the abiding prosperity of the lands men once had scorned as a desert.

In 1904 the four companies, the Alberta Railway and Coal Company, the Alberta Irrigation Company, the Lethbridge Land Company, and the St. Mary's River Railway Company, were consolidated into one, the Alberta Railway and Irrigation Company. Six years later, the future of the country and of the enterprise centred at Lethbridge being assured, a sale of the shares was made to the Canadian Pacific at a very satisfactory price. The pioneering work of the third generation of the Galts, so curiously and helpfully linked with the colonization of Canada east and west, was nearly done. With his father, Elliott Galt had been instrumental in the construction of three hundred and fifty-five miles of railway, fully one hundred and fifty miles of irrigation canals and a developed coal mine with a daily capacity of two thousand tons. To-day Canada holds no more prosperous and promising communities than those grouped in what was once the wilderness which Galt and his associates struggled so long to subdue.

CHAPTER XIX

Closing Years

THE ten years which followed Sir Alexander's first western undertaking were years of stress and strain. The task of financing the ever expanding Alberta enterprises, in face of stagnation at home and doubt abroad, was one that wore down his strong body if not his optimistic soul. Even so, he found time to continue his interest in other business relations, acting as director or president of several financial corporations with which he had long been associated. His interest in political affairs continued unabated, and he considered the possibility of returning to the Canadian parliament in 1887 or of seeking an English seat in 1886, but the unescapable duties of the Alberta undertakings soon put any such diversions of energy out of the question.

In an earlier chapter, reference has been made to the interest which Galt took in the question of closer trade relations within the Empire, during his term as High Commissioner. This interest remained with him, and the agitation in Canada for unrestricted reciprocity with the United States led him to bring forward the imperial alternative. One of his steps was to write to Mr. Gladstone, while in England:—

26 February, 1891.

Dear Mr. Gladstone:

When appointed High Commissioner for Canada in 1880-84, I received such valuable support from your Government in my negotiations with France and Spain, that I venture to send you the enclosed letter on the relation of Canada to the United States.

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My earnest desire is that you may feel warranted in pressing upon the present Government the importance of early and decided action. . . .

The important issues involved in the present political contest in Canada, induce me, after much reflection, to address myself to you, believing that your position enables you alone to secure acceptance of that policy, which will immediately and permanently counteract the McKinley Tariff, and the political ends which Mr. Blaine is seeking to promote through its agency.

This Tariff, though primarily and directly aimed at the exclusion of British manufactures from the United States, has also avowedly for its object to create a state of feeling in Canada hostile to the maintenance of the Colonial connection, while the Reciprocal Treaties of Commerce proposed with South America point to most serious interference with British Trade there.

I need not enlarge on these points, as they cannot fail to have occurred to your own mind. The American Tariff is therefore a hostile measure—an act of commercial war—and goes far beyond those measures of mere customs duties, which in this country are regarded as only injurious to those adopting them.

Retaliation is the only argument applicable in the present case, and the United States are so peculiarly vulnerable, that its effect would be immediate, and would necessitate negotiations probably resulting in a great and permanent amelioration in their fiscal system, while the "object lesson" might not be lost upon France and the other European Nations.

The imposition of the former British duties on grain and agricultural produce, limited strictly to the United States, and removable on the conclusion of a Treaty of Commerce, would instantly array the whole farming community of the United States against the McKinley Tariff, and would seriously affect their commercial and railway interests, while the price of food in this country would not be much enhanced, as the markets of the rest of the world would remain available.

Such a measure of retaliation is not really a departure from Free Trade principles, but an act designed to give them greater expansion, and I do not believe that such a departure could be even suggested when adopted by you, whose record on these questions is absolutely unimpeachable.

As a Canadian, I may have no right to express an opinion on British politics, but I venture to think, that in their present chaotic condition, much good would arise by the introduction of a new subject of supreme importance, not only to the manufacturing

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and trading classes, who have been seriously injured by the McKinley Tariff, but also to the agricultural interests, who would welcome a measure in this direction, while in Canada the announcement before the General Election on 5th March would scatter the political objects sought by Mr. Blaine to the winds.

I shall not trouble you to reply to this somewhat lengthy letter. If the idea presents itself attractively to you, I should be happy to wait on you if so desired.

To Sir John Macdonald he wrote suggesting that an address should be sent to the Queen by the Canadian Parliament, urging the denunciation of the Belgian and German treaties and the gradual creation of a tariff-cemented, self-contained Empire. Sir John, then very near his end, wrote by his secretary:

Earncliffe, Ottawa,
14th May, 1891.

My dear Galt:

I have yours of the 12th inst. I have been a little out of sorts and have not been able to attend to many matters but I shall take an early opportunity of bringing up your suggestion as to an address to the Queen before my colleagues.

My present impression is that no action on the part of Canada would be of any value until after the next General Elections when, if Lord Salisbury carried the Country, we ought to make a strong push for the Imperial notion.

Believe me,
Yours faithfully,
JOHN A. MACDONALD.

Sir A. T. Galt, G.C.M.G.

Following up his policy, Sir Alexander next communicated to his old friend, Sir John's successor, Sir J. J. C. Abbott, the result of his sounding of English statesmen on the question:

Montreal, 23rd July, 1891.

Confidential.

My dear Abbott:

As requested by you I now write the purport of two important interviews which I had in London early in April last.

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Owing to the issues raised at the recent election, in reference to our commercial relations with the United States, and their bearing on our position as a portion of the British Empire, I thought it desirable before my return to Canada in April, to endeavour to have the views of leading men in regard to promoting inter-Imperial trade and counteracting the effect of the McKinley Tariff.

My personal relations enabled me to discuss these subjects fully with one of the most influential members of the [Salisbury] Government, and while guarding himself against being supposed to commit his colleagues in any way, he expressed the opinion that the effect of the McKinley Tariff, and the threatened increase of duties by France and other countries, was rapidly developing a feeling in England that the existing policy of Free Imports without discrimination could not much longer be maintained, and that the advocates of different treatment towards our own colonies, were gaining ground daily. I asked him whether action by the Canadian Government and Parliament would be favorably received by Salisbury's Government. To this he replied that he must refer me to Lord Salisbury's own speeches, adding the very important declaration that he believed they would be glad to have—"a pressure put upon them"—not only as regards the existing Commercial Treaties, but also the wisdom of suggesting to the United States that discrimination against them might become necessary to meet their attack upon Canadian and British interests.

I do not think you require me to mention the arguments I advanced, as I presume you are more concerned to know how they were received.

At the conclusion of a long interview, I asked him whether he would permit me to mention to Sir John Macdonald, confidentially, what had passed between us, and he at once assented to my doing so.

On parting I further enquired whether I might mention to the gentleman, who is perhaps the most influential supporter of the Government in the Commons, the fact of my interview with himself, and its support, to which he replied, that he would be pleased if I did so.

I thereupon waited upon the statesman referred to, with whom I had already on previous occasions discussed these subjects, and after a long discussion in which I found he fully shared the opinions I have briefly recapitulated, I put the question plainly to him—what do you think would be the effect in England of an Address to the Queen by the Canadian Parliament, embodying these views,

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and offering substantial discrimination in the tariff in favour of British industries on condition of the adoption of a policy by Great Britain favourable to the colonies in future treaties with foreign Powers, and especially towards the United States? To this question my friend said most emphatically that he thought that such an Address would meet an immediate and warm reception in England, and that he himself "would stump the country upon it." This statement coming from a prominent Free Trader I welcomed as evidence that the time for action by Canada had come.

The foregoing is the substance of the interview which I mentioned to you, and with your permission I would say I am convinced that this country is ripe for a policy which would squarely meet your political opponents—by putting Inter-Imperial Trade against Unrestricted Reciprocity with the United States. Canada should lead the way, as her interests are more materially affected by the tariff legislation of the United States.

The time is propitious, as the Treaties of Commerce all expire next year—and with the action of the United States, and the indication by France, a bold policy of fostering British industry may not be an unlikely card for the English Ministry to play at the coming General Election—which will probably take place very soon, especially if the reports be confirmed of Mr. Gladstone's probable retirement from public life.

If I may, without offence, say so, I would remark, that the best way to neutralize the effect on the public of the wretched scandal now disseminated at Ottawa, is to place some subject of supreme importance in the foreground, and to choose such subject as your political opponents can scarcely venture to oppose—nor to *adopt*—after the line they took at the last election.

You are aware that on my arrival in Canada in April, I placed these points before Sir John Macdonald, and his private letter which I have given you, indicates that, had he lived, the subject would have been brought by him before the Council.

Yours very faithfully,

A. T. GALT.

This led to the introduction of a resolution praying the denunciation of the Belgian and German treaties, which was passed unanimously by both Houses at Ottawa. For the time, no heed was given. It was not until a new policy had been adopted by the Liberals in 1897, by giving

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preference on British goods without asking for return concessions, that popular opinion in England was stirred to the point of requiring the abrogation of the objectionable treaties. Without the pioneer work of Galt and his colleagues, however, this result would not have been attained.

One of his last important public services was to act as Chairman of a Royal Commission appointed by the Dominion Government in 1888 to consider the question of state regulation of railways. The establishment of the Interstate Commerce Commission in the United States in 1886 had brought to a head the demands from Canadian shippers for more effective supervision. The commissioners in their report noted the existence of many grievances for which they suggested specific remedies. As to the wider question, they recommended that until the British and American attempts at government regulation had had time to prove their worth or their weaknesses, it would be better to extend the powers of the Railway Committee of the Privy Council or Cabinet, rather than to establish an independent commission. When, eventually, a commission was established, the benefit of waiting was seen in the much more adequate powers and scope given it than the British or United States bodies enjoyed.

After 1890, his health began to fail rapidly. After an illness of many months, the end came on September 19, 1893, at his home on Mountain Street, Montreal. To a friend, Dr. Potts, who sat beside him a few weeks before the end, he wrote on the flyleaf of a book: "I have much to be thankful for, a long life with many blessings, and I try to accept God's will as my most supreme comfort. No one could have had greater blessings in his family than myself. I do not pray God to prolong my life, but only to support and strengthen me and to let my departure be tranquil."

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Sir Alexander was survived by Lady Galt and by three sons and eight daughters: Elliott Galt, of Montreal; John Galt, of Winnipeg; Alexander Galt; the Misses Kate and Selina and Muriel Galt, Mrs. Robert Grant, Mrs. A. R. Springett, Mrs. C. A. Magrath, Mrs. A. D. Durnford, and Mrs. W. Harvey Smith.

It was a year of deep depression, of world-shaking business failures, and of national doubt and despondency. Yet the turn of the tide was near, and before the century had ended, the abounding prosperity of the country, west and east, and the growth of a strong sense of national unity and national consciousness had justified the faith that he and his fellow-builders had held alike through good and through ill report.

To his friends he left a warm and lasting memory. He was not a man who could easily unbend in public life; of the hand-shaking arts of the lesser politician he had few. In private intercourse, however, he was a rarely genial and delightful companion. His courtly manners were no conventional and external acquirement, but the expression of a wide and genuine sympathy and a kindly considerateness that paid no heed to rank or place. It was significant that alike in his middle and in his later years, young men were among his closest friends.

To the wider public he left a tradition of good work well done. Alexander Tilloch Galt had given nearly sixty years to his adopted country. They were years of momentous change, years which saw the scattered, struggling, backwoods provinces grow into a nation. In this development he had taken a distinctive and essential part, a part marked by untiring effort, a high and sensitive honour, and a constructive vision which was never content to let chance and drift settle the affairs of state. The name of Galt will not soon pass from the memory of the country he served.

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